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Tax avoidance and cost of debt: Sustainability assurance as a moderating variable

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Abstract
This study examines the association between tax avoidance and the cost of debt. It also investigates the moderating effect of sustainability assurance on tax avoidance and cost of debt. The variables used in this study are the dependent variable (cost of debt), independent variable (tax avoidance), moderating variable (sustainability assurance), and control variables (ROA, size, current ratio, and leverage). The populations of this study consist of all companies listed on the Indonesia Stock Exchange (IDX) during the period 2019-2022. The sample used includes 244 companies obtained through purposive sampling method. The analysis method used in this study is structural equation modelling (SEM) PLS processed through SmartPLS 3.0 program. This study finds that tax avoidance has not significant influence towards the cost of debt, and sustainability assurance is proven to moderate the relationship between tax avoidance and cost of debt.

Keywords: Tax avoidance, cost of debt, sustainability assurance

Introduction

Companies need capital to organize and develop the business they run in order to streamline the company's operational activities (Karo-Karo & Lumbangaol, 2022). [13] The company has several alternative sources of financing, both internal financing and external financing (Kruk, 2021). One of them is the use of debt. For companies, using debt as a financing option offers benefits through tax savings (Meiriasari, 2017). [19] These tax savings come from loan interest which can be deducted from tax, thereby reducing the tax paid by the company (Meiriasari, 2017). [19] Apart from that, this can give rise to debt costs which include interest rates and risks that the company must bear (Hutomo *et al*., 2020).

The Tax Justice Network states that Indonesia is estimated to experience losses of up to US$ 4.86 billion per year or the equivalent of Rp. 68.7 trillion caused by tax avoidance. The report entitled "The State of Tax Justice 2020: Tax Justice in the time of Covid-19" explains that the total IDR 68.7 trillion, as much as US$ 4.78 billion or IDR 67.6 trillion is the amount of losses from tax evasion. carried out by corporate taxpayers in Indonesia. Meanwhile, the remainder, amounting to US$78.83 million or Rp. 1.1 trillion, came from tax avoidance by individual taxpayers (Cobham *et al*., 2020). [4]

The cost of debt is influenced by various factors, one of which is tax avoidance. Tax avoidance is a pattern of transactions carried out by business actors and individuals to minimize tax bills by exploiting tax regulations by exploiting various errors (loopholes) in a country's tax provisions so that the tax authority declares them valid because they do not violate tax regulations (Otusanya *et al*., 2023). [20] Tax avoidance practices can result in less tax paid by the company and will maximize shareholder value. However, this practice can be dangerous because it increases the company's tax risks. In addition, tax avoidance can give rise to conflicts of interest between management and creditors due to information imbalances and moral risks (Lim, 2011). [15]

Many studies have been conducted that examine the impact of tax avoidance on the cost of debt. Karo-Karo & Lumbangaol research results (2022); [13] Lee (2022); Medhioub & Boujelbene (2023); [18] Santosa & Kurniawan (2016) show that tax avoidance is positively related to the cost of debt, which implies that companies that avoid taxes bear higher interest rates. However, these findings contradict research conducted by (Kovermann (2018); Lim (2011) [15] which found a negative correlation between tax avoidance and cost of debt. The results of this research indicate that tax avoidance is often viewed positively by creditors and is considered to have no risk. inherent. Previous research shows clear inconsistencies between two competing research streams. Therefore, to compensate for these differences, this research introduces Sustainability assurance.

Sustainability assurance is an important aspect that requires a mechanism that allows information disclosed by the company regarding its relevance, reliability and completeness to be confirmed externally (Khaireddine *et al*., 2024). The International Auditing and Assurance Standards Board (IAASB) states that the purpose of assurance services is to improve the quality and trustworthiness of the flow of information-to-information users in the decision-making process (Kim *et al*., 2019). [14] Investors assess a company's sustainability performance because investors view the existence of alternative corporate governance mechanisms and high-quality disclosures which are related to a better representation of company performance and the value creation process (Hazaea *et al*., 2022). [8]

Sustainability assurance strengthens credibility allowing analysts and investors to use information with more confidence when assessing the economic, social and environmental risks of a business, thereby influencing the cost of capital as a result of reducing information asymmetry resulting in better accuracy in analytical forecasts (Sellami & Hlima, 2019). In Indonesia, sustainability assurance is not yet specifically required by regulations such as POJK 51 of 2017. However, this

practice is increasingly being adopted by companies to meet the expectations of investors, creditors and other stakeholders who increasingly want higher transparency and accountability in sustainability assurance (Oware & Moulya, 2022).

Literature review, theoretical framework, and hypothesis development

Agency theory

According to Jensen & Meckling (1976), [12] an agency relationship can be explained as a form of contract in which one or more individuals (principals) engage other individuals (agents) to perform some services on their behalf which involves delegating some decisions to the agents. Therefore, the agent is responsible for fulfilling the obligations given by the principal (Alkurdi & Mardini, 2020). [1] However, agents tend to take actions that prioritize their personal interests and tend to ignore the interests of the principal. Therefore, conflicts of interest often arise.

When agents have greater access to internal information and future prospects of the company compared to the principal, which results in information asymmetry. This information asymmetry causes the agent to have an information advantage that can be used for his own personal gain rather than maximizing the value of the company. This leads to the emergence of agency costs, which include various forms of costs that arise due to conflicts of interest between principals and agents. Agency costs can be in the form of additional supervision required by the principal to supervise that the agent acts in line with the interests of the principal.

Agency theory provides a framework for understanding the dynamics and challenges in the relationship between company owners (principals) and management (agents). It also provides a foundation for developing effective management strategies to reduce agency costs and ensure that the agent's actions are in line with the principal's interests, thereby having the potential to improve overall company performance.

The influence of tax avoidance on cost of debt

Agency theory from Jensen & Meckling (1976) [12] is the basis for studying the relationship between tax avoidance and the cost of debt. Tax avoidance increases information asymmetry, because managers tend to hide information to avoid tax supervision, which reduces the credibility of company disclosures (Dhawan *et al*., 2020). [5] Creditors see this as an increased risk.

that can threaten the company's solvency and reputation (Hasan *et al*., 2014), [7] so they tend to increase loan interest rates (Kovermann, 2018).

Previous research has shown mixed results. Several studies find a positive relationship between tax avoidance and cost of debt, because creditors punish higher risks (Medhioub & Boujelbene, 2023; Shin & Woo, 2017; Hasan *et al*., 2014). [22] However, other research finds a negative relationship, showing that tax avoidance reduces the tax burden and increases the ability to pay debts (Cen *et al*., 2017; Kovermann, 2018; Lim, 2011). [3, 15]

Based on agency theory, the contractual relationship between loan borrowers and creditors is subject to agency costs and information asymmetry. Therefore, tax avoidance is expected to have a positive effect on the cost of debt. However, previous empirical validations show mixed results. Based on this explanation, the researchers formulated the following hypothesis:

H1: Tax avoidance has a positive effect on the cost of debt.

Sustainability assurance moderates the relationship between tax avoidance and cost f debt

Sustainability assurance is an important mechanism that allows the relevance, reliability and completeness of sustainability information disclosed by companies to be externally verified (Ruiz-Barbadillo & Martínez-Ferrero, 2020). [21] Assurance is needed after the company discloses the sustainability report so that the report can be trusted and accurate.

According to the principles of agency theory, the importance of a company's sustainability report has high credibility due to information asymmetry between owners (principals) and managers (agents), which is caused by the separation of ownership and control (Jensen & Meckling, 1976). [12] Assurance helps mitigate information asymmetry and improve capital market performance (Briem & Wald, 2018). [2]

Research on sustainability assurance as a moderating variable has not been widely studied. Sustainability assurance is widely used as a dependent variable or independent variable. Tanjung & Wahyudi (2019) [23] revealed that companies can reduce the cost of debt by issuing sustainability assurance. Therefore, this study uses the hypothesis that sustainability assurance can moderate the effect of tax avoidance and cost of debt. Based on this explanation, the researchers formulated the following hypothesis:

H2: Sustainability assurance moderates the relationship between tax avoidance and cost of debt.

Research methodology

Sample and data sources

The population in this study includes all companies listed on the Indonesia Stock Exchange in 2019-2022. These companies are required to publish fully audited annual reports for 2019-2022. These reports include statements of financial position, comprehensive income statements, reports of changes in equity, cash flow statements, notes to financial statements, and sustainability reports.

This research uses samples from all companies listed on the Indonesia Stock Exchange for the 2019-2022 period that meet the specified criteria. The sampling technique was carried

out using the purposive sampling method. Purposive sampling is a technique that is often used, sampling is carried out in accordance with predetermined criteria (Machali, 2021). [16]

Operational definition of variables

There are three variables used in this study, namely the dependent variable, the independent variable, and the moderating variable. The dependent variable in this study is the cost of debt, the independent variable is tax avoidance, and the moderating variable used is sustainability assurance.

Cost of debt

This study uses cost of debt as the dependent variable. Cost of debt is the effective interest rate on the company's interest-bearing debt (Sánchez-Ballesta & Yagüe, 2023). Following (Kovermann, 2018; Medhioub & Boujelbene,

2023; Muttakin *et al*., 2020) [18] cost of debt is measured using interest expense reported by the company. COD is calculated as the ratio of a company's interest expense to its total financial debt. Therefore, the cost of debt is measured as follows:

$$\text{COD} = \frac{\text{Interest Expense Total}}{\text{Financial Debt}}$$

Tax avoidance

The independent variable in this study is tax avoidance. Tax avoidance is a risky activity that can cause high costs for the company and its managers, and can reduce transparency through more complicated and unclear transactions (Gontara & Khlif, 2020). This study follows (Gontara & Khlif, 2020; Hanlon & Heitzman, 2010) using the effective tax rate to measure tax avoidance more reliably. ETR refers to the ratio of tax expense to profit before tax. The higher the ETR ratio, the lower the level of tax avoidance of a company. Conversely, the lower the ETR ratio, the higher the company's tax avoidance.

$$ETR = \frac{\text{Tax Expense}}{\text{Pre} - \text{Tax Income}}$$

Sustainability assurance

This study uses sustainability assurance as a moderating variable (Cresswell & Cresswell, 2018). Sustainability assurance is defined as an engagement in which a third party or external provider guarantees the sustainability report published by the company, so that it can affect users' views on the quality and credibility of the sustainability report (Yan *et al*., 2022). Sustainability assurance is measured using dummy variables referring to (Cuadrado- Ballesteros *et al*., 2017), namely 1 = If the company provides assurance in the sustainability report and 0 = If the company does not provide assurance in the sustainability report**.**

Size

Firm size (SIZE) is adopted as the natural logarithm of total assets. Larger firms are considered more prominent in the capital market and are expected to raise external funds at a lower cost compared to smaller firms. Thus, SIZE is expected to be negatively related to the cost of debt**.**

SIZE = Ln (Total Assets)

Profitability

Profitability is measured through the ratio of net income to total assets (ROA). Companies that have a high ROA are in a good financial position and generate more funds to pay their debts. Therefore (Medhioub & Boujelbene, 2023), [18] ROA is expected to reduce the cost of debt.

$$\boldsymbol{ROA = \frac{Net\ Income}{Total\ Assets}}$$

Leverage

This variable is measured using total debt to total assets. The higher the leverage ratio, the heavier the company's debt burden (Medhioub & Boujelbene, 2023). [18] Therefore, LEV is expected to be positively related to the company's cost of debt.

$$LEV = \frac{\text{Total Debt}}{\text{Total Assets}}$$

Current Ratio

Following Muttakin *et al*. (2020) include current ratio (CR) as measured by the ratio of current assets to total current liabilities. Companies with higher CR are able to pay off their current liabilities.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Total Current Liabilities}}$$

Data analysis method

The data in this study were analyzed using SmartPLS 3.0 to test the proposed hypothesis. Hypothesis analysis is carried out to test the relationship between research variables. PLS (Partial Least Square) analysis is a variant-based SEM statistical technique designed to overcome certain data problems such as missing data, small sample sizes, and multicollinearity (Muhson, 2022). The PLS evaluation model is used to evaluate both the measurement model (outer model) to test validity and reliability, and the structural model (inner model) to test the causal relationship between variables. SmartPLS has advantages such as data does not have to be normally distributed because SmartPLS uses bootstrapping or random doubling. In addition, smartpls is suitable for use in studies that use samples that tend to be small (Muhson, 2022).

Research results and discussion

Description of research object

This research uses a population of all companies listed on the Indonesia Stock Exchange for the 2019-2022 period. Samples were obtained using purposive sampling techniques based on predetermined criteria. The following are the criteria used:

Based on sample data, this research covers 61 companies with a total of 244 financial reports. These companies were selected from 970 companies listed on the Indonesia Stock Exchange (BEI).

Descriptive analysis

Descriptive statistics are statistics that are applied to examine data by providing an overview or descriptive of the data seen from the average, maximum, minimum, and standard deviation values of each variable, namely tax avoidance, cost of debt, and sustainability assurance (Ghozali, 2021). The results of the descriptive statistics are provided in the table below:

The descriptive results of the data provided show significant differences in each variable. Cost of debt (COD) has a mean of 0.031 with a standard deviation of 0.020, which shows that the data tends to be stable and not too scattered. The current ratio (CR) has a mean of 1.370 with a standard deviation of 1.509, which shows that there are large differences between samples. The effective tax rate (ETR) has a mean of 0.223 and a standard deviation of 0.166, indicating moderate differences in effective tax rates across

firms in the sample. Leverage (LEV) has a mean of 0.199 and a standard deviation of 0.160, indicating a relatively stable level of leverage across the sample. Return on Assets (ROA) has a mean of 0.061 with a standard deviation of 0.061, which indicates moderate fluctuations in the company's profitability. The average sustainability performance score (SA) was 0.295 with a standard deviation of 0.456, indicating wide variation in the level of reported sustainability performance. Size has a mean of 30.732 and a standard deviation of 2.228, indicating that firm size varies significantly in the sample.

Measurement model analysis (outer model) convergence validity test

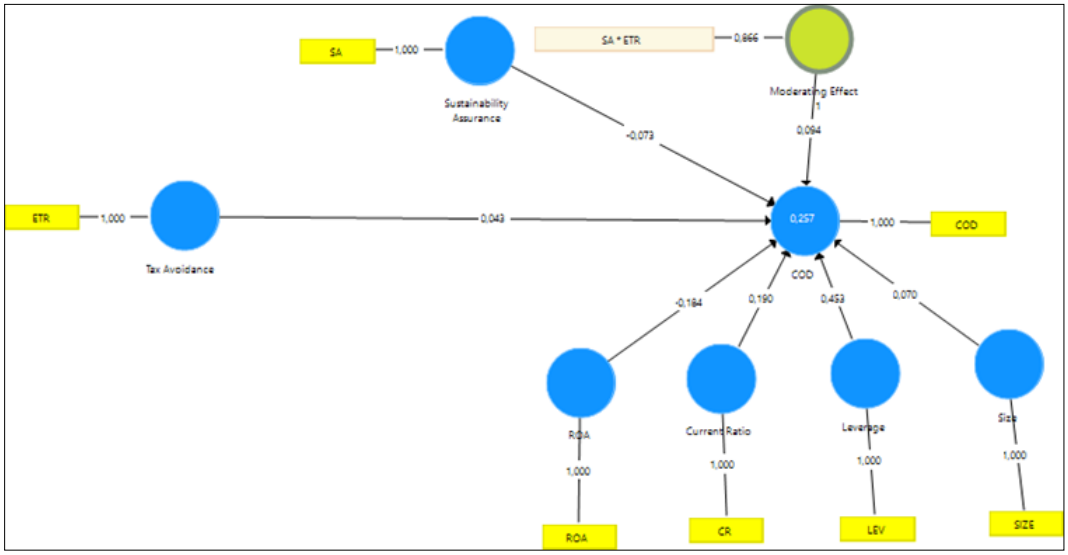

Fig 1: Outer Model Test

Based on the results of convergent validity that has been carried out using outer loading, it can be seen that the loading factor value of all indicators is 1. The loading factor value above 0.7 explains that the data tested is valid and reliable for further testing.

Average variance extracted (AVE)

Average Variance Extracted (AVE) is a measure used to assess convergent validity in factor analysis or structural models, showing how much of the variance of an indicator can be explained by the underlying construct compared to the variance caused by measurement error. In the results provided, each construct has an AVE value of 1.000, which means that all variance of the indicator is fully explained by the underlying construct. This perfect AVE value indicates that the model has excellent convergent validity, where the construct truly reflects the indicators being measured.

Discriminant validity test

Table 1: Cross Loading Results

	COD (Y)	CR	Lev	Moderating Effect	ROA	Size	SA (Z)	TA (X)
COD	1							
Current Ratio	-0,006	1						
Leverage	0,438	-0,296	1					
Moderating Effect	0,082	0,000	0,047	1				
ROA	-0,218	0,311	-0,164	-0,032	1			
Size	0,003	-0,237	-0,085	-0,096	-0,201	1		
SA	-0,166	-0,212	-0,167	0,093	-0,004	0,16	1	
Tax Avoidance	0,013	-0,081	0,02	-0,312	-0,055	-0,032	0,09	1

Source: Secondary data processed (2024)

the root AVE value of each variable is greater than the root AVE of its correlation with other variables so that it meets discriminant validity. This shows that each variable in the model better explains the variance of its own indicators compared to the variance explained by other variables. In other words, the construct being measured has clear uniqueness and does not overlap with other constructs in the model. This good discriminant validity ensures that each construct truly reflects the concept being measured without any significant influence from other constructs. This is important to ensure that the relationships between the variables in the model can be interpreted correctly and the research results are reliable.

Reliability test

1. Composite reliability

Based on the results of the Composite Reliability Test shown in Table 6, all variables tested show perfect values for Cronbach's Alpha, ρ, Composite Reliability, and Average Variance Extracted (AVE), each with a value of 1,000. This shows that each variable in this research model has very high reliability. With a Cronbach's Alpha value of 1.000, this shows that all items in each construct have very high internal consistency. Likewise, the ρ and Composite Reliability values of 1.000 indicate that these constructs are very reliable and the indicators are consistent in measuring the construct in question. A perfect AVE value also

indicates that all variance of the indicators can be fully explained by the underlying construct.

Testing the structural model (Inner model)

Coefficient of determination test (R-squ are)

The Adjusted R-Square value of 0.257 indicates that around 25.7% of the variation in the cost of debt variable can be explained by the independent variable. This means that the ability of the exogenous variable to explain Y is 25.7%, so it can be said that the ability of the tax avoidance variable to explain the cost of debt is weak. There is around 74.3% variation that cannot be explained by this model, which means there are other factors that influence the cost of debt that have not been included or explained by the model.

Hypothesis testing

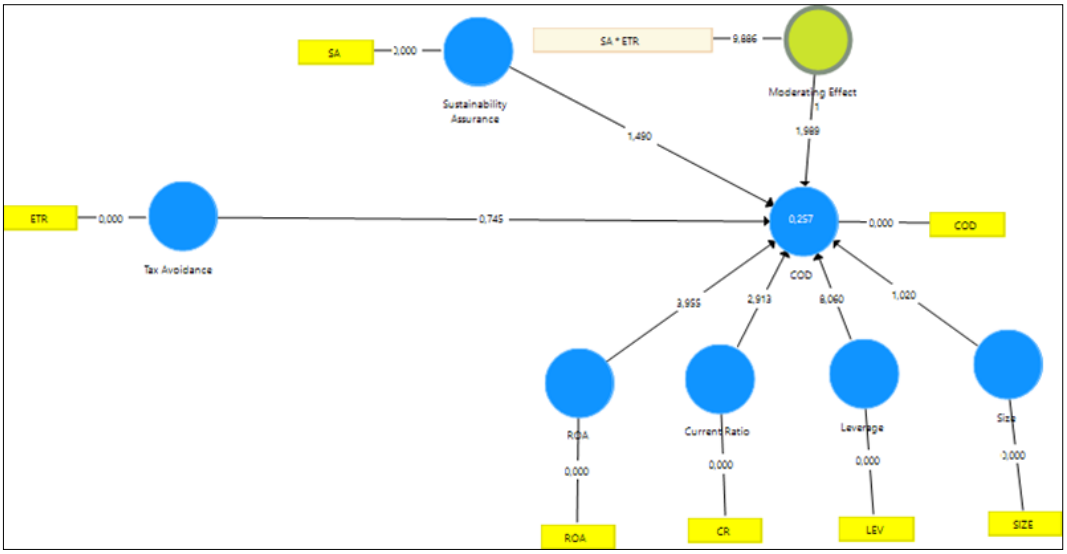

Fig 2

Smart PLS is used to test the hypothesis by examining the path coefficient estimation table. Testing in this research was carried out using a bootstrapping procedure.

Table 2: Results of hypothesis testing with bootstrapping

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Current Ratio -> COD	0,19	0,195	0,065	2,913	0,002
Leverage -> COD	0,453	0,455	0,056	8,06	0,000
Moderating Effect -> COD	0,094	0,098	0,047	1,989	0,023
ROA -> COD	-0,184	-0,186	0,046	3,955	0,000
Size -> COD	0,07	0,07	0,069	1,02	0,154
SA -> COD	-0,073	-0,072	0,049	1,49	0,068
Tax Avoidance -> COD	0,043	0,039	0,058	0,745	0,228

Source: Secondary data processed (2024)

Based on the data above, the p-values indicating results below 0.05 are explained as follows:

1. Tax avoidance has no significant effect on the cost of debt, the p-value of the tax avoidance variable is 0.228 > 0.05 and the t-statistic is 0.745 < 1.96. The original sample value of 0.043 illustrates the direction of positive correlation between the two variables. The research results concluded that there was no significant influence between tax avoidance and the cost of debt, so H1 which stated that tax avoidance had a positive effect on the cost of debt was rejected.
2. The TAxSA variable is an interaction between tax avoidance and sustainability assurance which has a p-value 0.023 <0.05. This explains that the moderating variable sustainability assurance has a significant effect. The t-statistic value is 1.989 > 1.96, meaning the second hypothesis is accepted. This hypothesis has a positive original sample value of 0.094. This means that sustainability assurance significantly strengthens the relationship between tax avoidance and cost of debt. This is in line with hypothesis H2, so the hypothesis is accepted.
3. Sustainability assurance on cost of debt, this relationship has a sample average value of -0.072 and a standard deviation of 0.069. The t value is 1.490 with a p value of 0.068. This reveals that sustainability assurance has not have a significant influence on the cost of debt.
4. Current Ratio to COD, it has coefficient of 0,19. The sample average (M) for CR is 0.212 with a standard deviation (STDEV) of 0.195. The t-statistic value for this relationship is 2.913 with a p-value of 0.002. This shows that the Current Ratio has a positive and significant influence on the cost of debt. This means that an increase in the current ratio, which shows short-term capability, is associated with an increase in debt costs.
5. The relationship between LEV and cost of debt has a sample average value of 0.455 with a coefficient of 0.453 and a standard deviation (STDEV) of 0.056. The

t-statistic for this relationship is 8.06 with a p value of 0.000. This explains that leverage has a positive and significant effect on the cost of debt. In other words, the higher a company's debt ratio, the higher the loan costs it must pay.

6. ROA has a negative and significant effect on COD. The P-value for this relationship is 0.000 with a T value of 3.955. The coefficient of -0.184 shows a negative value, indicating a significant negative relationship. This means that the higher a company's profitability (measured by ROA), the lower the cost of debt.
7. Size on COD, the relationship between size and cost of debt shows a coefficient value of 0.070 with a p value of 0.154 and a t value of 1.020. This explains that the effect of company size on the cost of debt is not significant. The sample average value is 0.070 and the standard deviation is 0.069.

The effect of tax avoidance on cost of debt

Based on the results of the analysis test that has been carried out to test the effect of tax avoidance on the cost of debt, it is known that the t-statistic value is 0.745 with a p-value of 0.228. The t-statistic value <0.960 and the p-value> 0.50, which means that the effect of tax avoidance on the cost of debt is not significant with a positive original sample number of 0.043.

Based on the results of hypothesis testing that has been carried out using SmartPLS software, it can be concluded that tax avoidance has a positive and insignificant effect on the cost of debt. This means that companies that implement tax avoidance in this study do not result in high or low cost of debt received by all companies listed on the Indonesia Stock Exchange. The results of hypothesis testing in this study reveal that companies that do tax avoidance have no significant effect on the cost of debt, therefore the first hypothesis is rejected. Tax avoidance in this study is measured using the effective tax rate (ETR). The higher the percentage of ETR which is close to the corporate income tax rate of 22%, the lower the level of corporate tax avoidance. Conversely, the lower the ETR percentage, the higher the level of corporate tax avoidance.

Based on the results of descriptive statistical tests, the mean ETR value is 0.222 or 22%. This shows that tax avoidance is not carried out aggressively by companies in the sample, so it does not bear a significant increase or decrease in the cost of debt. In addition, companies that organize tax avoidance do not always have long-term debt, so there is no correlation with an increase or decrease in the cost of debt. Furthermore, when viewed from the average value of the cost of debt variable of 3.1% which indicates that most companies in the sample have a relatively low cost of debt, thus reducing the risk of default on corporate debt. This shows that tax avoidance has no influence on the cost of debt.

Agency theory is relevant to explain the results of this study which show that tax avoidance has no significant effect on the cost of debt. Managers do tax avoidance to increase short-term profits, which can increase their bonuses or incentives. However, this does not necessarily affect creditors' risk perception of the company. This shows that creditors tend to focus more on the overall financial stability of the company rather than the tax avoidance strategy carried out by managers (Jensen & Meckling, 1976). [12]

The results of this study contradict research conducted by (Cen *et al*., 2017; Kovermann, 2018; Lim, 2011) [15] found that tax avoidance has a significant effect on the cost of debt. However, the results of this study are in line with (Fahreza *et al*., 2019; Tahaanii *et al*., 2019; Wardani & Ruslim, 2020) which states that tax avoidance has a positive and insignificant effect on the cost of debt. So that the higher the level of tax avoidance, it will increase the cost of debt but not significantly. In other words, companies that do tax avoidance today do not always have a lot of debt. This research period was also conducted after the government carried out tax reform and also with the Minister of Finance Regulation No. 169 / PMK.010 / 2015 regarding the amount of debt and capital ratio of companies issued in 2015 which made companies more careful in managing debt (Putri Setya Dewi & Didik Ardiyanto, 2020).

Sustainability assurance moderates the relationship between tax avoidance and cost of debt

Based on the analysis conducted to evaluate the moderating effect of sustainability assurance on the relationship between tax avoidance and cost of debt. The t-statistic value obtained is 1.989 with a p-value of 0.023 (<0.050). It can be concluded that H2 is accepted or sustainability assurance can moderate the relationship between tax avoidance and cost of debt with a positive coefficient value. This means that the presence of sustainability assurance strengthens the relationship between tax avoidance and cost of debt. Sustainability assurance is a process in which a company's sustainability report is audited or verified by a third party to ensure its accuracy and transparency.

The findings of this study are consistent with agency theory. Agency theory describes the dynamics between shareholders as principals and management as agents, where conflicts of interest can arise due to differences in goals and motivations. Tax avoidance is often practiced by management to reduce the company's tax burden and increase profits in the short term. However, this action may pose additional risks, such as audit risk or loss of reputation that can increase the cost of debt. However, the presence of moderating variables such as sustainability assurance can reduce the negative impact of tax avoidance on the cost of debt. Sustainability assurance shows the company's commitment to sustainable business practices and increased transparency, which can reduce information uncertainty and improve creditors' perception of company risk. This makes creditors willing to lend at lower interest rates, thereby reducing the cost of debt (Medhioub & Boujelbene, 2023). [18]

This research contradicts Hutabarat & Firmansyah (2022) [10] who concluded that the application of sustainability reports that provide information about the company's condition and future prospects is not the focus of creditors in making decisions. This research is in line with Dhiva & Gunawan (2023); [6] Tanjung & Wahyudi (2019) [23] who say that companies can reduce the cost of debt by issuing sustainability assurance. Sustainability assurance can provide confidence to creditors and other stakeholders that the company is implementing responsible and sustainable business practices, even though it is involved in tax avoidance practices.

Sustainability assurance acts as a way to mitigate and strengthen the relationship between tax avoidance and cost of debt. This means that even though a company engages in

tax avoidance practices, if the company also has sustainability assurance, the cost of debt is not as high as expected due to the belief that the company remains committed to responsible and sustainable business practices (Medhioub & Boujelbene, 2023). [18]

Conclusion

This research aims to analyze the effect of tax avoidance on the cost of debt as well as the moderating effect of sustainability assurance on tax avoidance and the cost of debt in all companies listed on the Indonesia Stock Exchange for the 2019-2022 period. This research uses 244 data samples obtained from purposive sampling. Based on the analysis carried out, the following results were obtained:

1. Tax avoidance has no effect on the cost of debt for all companies listed on the Indonesia Stock Exchange (BEI) for the 2019- 2022 period.
2. The moderating variable sustainability assurance can strengthen the relationship between tax avoidance and cost of debt in all companies listed on the Indonesia Stock Exchange (BEI) for the 2019- 2022 period.
3. Control variables ROA has significant negative effect, Current asset and leverage have a significant positive effect on the cost of debt. Meanwhile, size has no effect on the cost of debt.

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