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AUDIT QUALITY AND CORPORATE TAX AVOIDANCE: A SYSTEMATIC LITERATURE REVIEW AND FUTURE RESEARCH AGENDA

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ABSTRACT

This study explores the complex relationship between audit quality and corporate tax avoidance through a Systematic Literature Review (SLR) approach, examining 37 Scopus- indexed articles published between 2019 and 2023. Tax avoidance, often perceived as a strategic effort by companies to reduce their tax burden, poses significant challenges for governments, especially in emerging economies like Indonesia. Audit quality plays a crucial role in mitigating aggressive tax avoidance by ensuring transparency and enhancing the integrity of financial reporting. Key Audit Matters (KAM) disclosures, introduced to improve the quality of audit communication, have been shown to increase stakeholder trust and reduce misinterpretations of financial information. The findings underscore the importance of auditor independence and professionalism in addressing tax-related issues, while highlighting potential conflicts of interest when auditors provide tax consultancy services. Furthermore, the study emphasizes the critical role of auditors in detecting and mitigating manipulative tax practices by employing advanced technological tools, including big data and artificial intelligence. Future research directions suggest investigating the dynamic impact of digital transformation on audit processes, the role of government regulations in promoting tax compliance, and the integration of cross-sectoral perspectives to address industry-specific challenges. The study concludes that a combination of robust audit practices, enhanced regulatory frameworks and continuous advancements in technology is essential to improve audit quality and curb aggressive tax strategies, contributing to sustainable corporate governance and fiscal policy outcomes.

KEYWORDS: Audit Quality, Tax Avoidance, Systematic Literature Review

1. INTRODUCTION

Indonesia is one of the developing countries, therefore in its efforts to succeed in sustainable development, of course, Indonesia needs a lot of funds (Lanis and Richardson, 2015). Taxes are one of the largest revenues and sources of state income. In 2019-2023, the average percentage of tax revenue contribution was 85%. Furthermore, in 2024 it has reached 149.25 trillion or equivalent to 7.5% of the state budget target. Signalling that tax revenue in Indonesia is an important instrument in the state as the main force in welcoming the state budget in Indonesia. Achieving the target amount of tax revenue is quite crucial for the government.

This is crucial because on the one hand taxes become a burden so that there is a reduction in profits generated by the company (Hanlon & Heitzman, 2010).

In recent years, the rise of aggressive tax management activities carried out by companies has had a very significant impact on state revenues, called tax avoidance practices (Bhat et al., 2024). The United Nation Conference on Trade and Development (UNCTAD) shows that there is a potential risk for developing countries due to tax avoidance practices, namely losing state revenue from taxes in the amount of more than 100 M each year (Prastiwi & Ratnasari, 2019; Wulandari et al., 2022). n addition, a report from Global Witness entitled 'Taxing Times for Adaro' in 2019, which contains that Adaro has transferred profits from the coal sector mined domestically to a subsidiary company located in Singapore, namely Coaltrade Service International Company.

With increased risk exposure, complex business models and higher economic uncertainty, tax avoidance activities are expected to increase, especially in times of crisis and companies experiencing financial difficulties (Wang et al., 2024). In the principle of responsibility, companies are required not to violate the rules or apply so as to fulfil their responsibilities. With the existence of an audit committee in the company, responsibility will be achieved due to the supervision of management operations with the aim of not violating applicable regulations. Audit quality is the possibility that an auditor can find and report fraud in the client's accounting system (Alqatamin & Alqatamin, 2024; Fasoulas et al., 2024; Namakavarani et al., 2021).

With increasing risk exposure, more complex business models, and high economic uncertainty tax avoidance practices are predicted to increase especially during times of crisis and when companies are under financial stress. (Abdelfattah & Aboud, 2020; Kerr et al., 2024; Madah Marzuki & Syukur, 2021). In this context, the role of external auditors is becoming increasingly important as a complement to corporate governance (Eriandani et al., 2020; Jamaluddin et al., 2021). Auditors are expected to contribute positively to the quality of financial reporting, provided that their independence is maintained, given the possibility of potential conflicts of interest when they also provide tax consulting services (Lawati et al., 2024). In addition, auditors need to focus adequately on the tax aspects of the audited entity to ensure optimal oversight (Blaufus et al., 2024).

In an effort to add value to audit services, many auditors choose to present a more comprehensive audit report by including Key Audit Matters. This step allows the auditor to convey his professional views on material issues to the users of the financial statements. From a fiscal perspective, the auditor's role in identifying and communicating fiscal optimisation opportunities can be reflected through the aspects addressed in KAMs. Thus, the more KAM disclosed may reflect the quality of audit services provided (Dong et al., 2024 and Pinto & Morais, 2019). Audit yang berkualitas juga berperan dalam mengurangi motivasi Perusahaan untuk mengambil langkah agresif dalam strategi perpajakan (Santosa et al., 2021; Watrin et al., 2019). This paper focuses on the relationship between audit quality and tax avoidance practices. Audit quality disclosure is at the centre of attention in the accounting literature because this topic reflects managerial transparency regarding the company's financial condition. In addition, the role of Key Audit Matters also plays an important role in reducing the potential for misinterpretation by capital markets of financial information published in annual reports, especially when the quality of financial reporting or communication of audit results is inadequate. Thus, the disclosure of Key Audit Matters can be an important tool in enhancing public trust and ensuring greater transparency in financial reporting. Considering the premises of companies' continuous tax planning activities, this study aims to see the development of researches from 2019-2023 on the research topics of audit quality and tax avoidance.

2. THEORETICAL BACKGROUND

Under current conditions, many business managers are encouraged to apply various earnings management solutions and attractive disclosures in order to provide positive signals to the capital market and maintain the financial stability of the company (Oktaviani et al., 2023; Serikova et al., 2022). The main goal is to optimise reported earnings and create prerequisites for increasing the market value of the company. The ways to achieve this goal vary, either through accrual-based earnings management, real activity earnings management, or impression management techniques. In this situation, the valuation and stewardship purposes of the information disclosed in the financial statements become very useful to analyse potential deviations from the actual financial position and performance of the reported entity. However, the quality of financial information disclosed in company reports is strongly influenced by corporate governance mechanisms, industry-specific control frameworks, or the institutional environment of a country (Eriandani et al., 2020; Watrin et al., 2019). Tax planning activities are also one of the options chosen by managers to optimise reported profits, this time to reduce the tax burden (Mukhtaruddin et al., 2024). Fiscal optimisation can also be seen as a taxpayer response to ineffective management of public funds by government agencies, lack of investment in community infrastructure, or even unfair tax regulations. To reduce the risk of tax avoidance activities, auditors play an important role (Lungu et al., 2023) (Kovermann & Velte, 2019). However, the quality of external audit results depends on a combination of processes, people, and motivations (incentive) (Goldman et al., 2022), and is strongly influenced by the country's institutional framework (Soroushyar, 2023). Auditors have various ways to mitigate audit risk on each audit engagement, and these approaches may differ at each phase of the audit cycle. Disclosure of Key Audit Matters is one option that has become mandatory since the end of 2016. As emphasised by ISA 701, auditors are expected to put greater focus on communicating aspects that cause material deficiencies that significantly affect the opinion of the audit report.

The literature notes several implications of KAM disclosure, such as its impact on optimal capital allocation by investors (Nguyen, 2022), increased awareness of corporate risks that have not been adequately addressed by management (Eberhartinger & Zieser, 2021), financial reporting behaviour (Li & Tongkong, 2024), internal control quality (Eriandani et al., 2020), kebijakan akuntansi perusahaan dan pertimbangan profesional (Yulianti et al., 2022), earnings quality (Can, 2020), audit quality through professional judgment and audit litigation costs (Jamaluddin et al., 2021). Therefore, as much KAM communication as possible can be attributed to the quality of services provided by financial auditors. In their study, they identified two important views of financial auditors about KAM, namely quality and efficiency. They also found that KAM can improve audit effectiveness and cooperation between auditors and audited companies. Recent research results (Zeng et al. 2021) confirm previous findings that KAM improves audit quality. Auditors and regulators recognise that disclosure of key audit matters is costly and time-consuming. Big Four auditors indicated that these reforms led to changes mainly in internal consultations and independent reviews, while non-Big Four auditors indicated increased interaction with audit clients. (Eriandani et al., (2020) and Skomra et al., (2022) observed that the provision of less quality audit services, characterised by the omission of key audit aspects in the audit report, is positively associated with fiscal risk. The findings of (Lawati et al., 2024), after analysing the tax avoidance practices of family-owned firms, suggest that audit quality limits the incentives of family firms to take aggressive tax positions, supporting the moderating effect of audit quality on the relationship between family ownership and tax avoidance. Other studies, such as the one conducted by (Santosa et al., 2023), establish an interdependent relationship between audit quality and fiscal optimisation. They concluded that firms with higher audit quality tend to be less fiscally aggressive. This can be explained by the efficient application of new audit procedures that help identify and understand the tax optimisation behaviour of audited companies.

3. RESEARCH METHODOLOGY

This research uses Systematic Literature Review (SLR) approach to analyse the literature related to Audit Quality and Tax Avoidance. Systematic Literature Review is known as a method that is objective, thorough and allows replication (Tranfield et al., 2003). This method involves a comprehensive search for significant contributions on a particular topic which are then evaluated and summarised using established procedures. To achieve this goal, four main steps are followed: (1) Planning, (2) Review Techniques and (3) Findings (Tranfield et al., 2003). The following sections will outline these steps in more depth (Figure 1).

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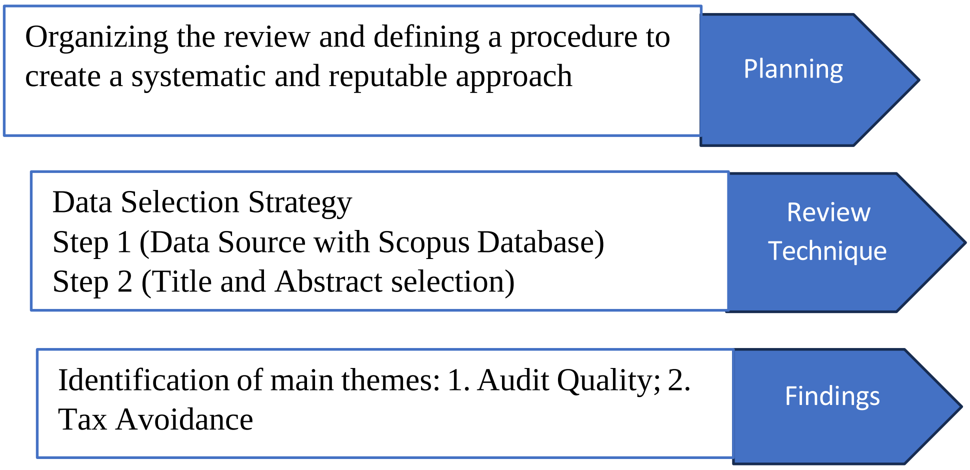

3.1 Data Selection Strategy

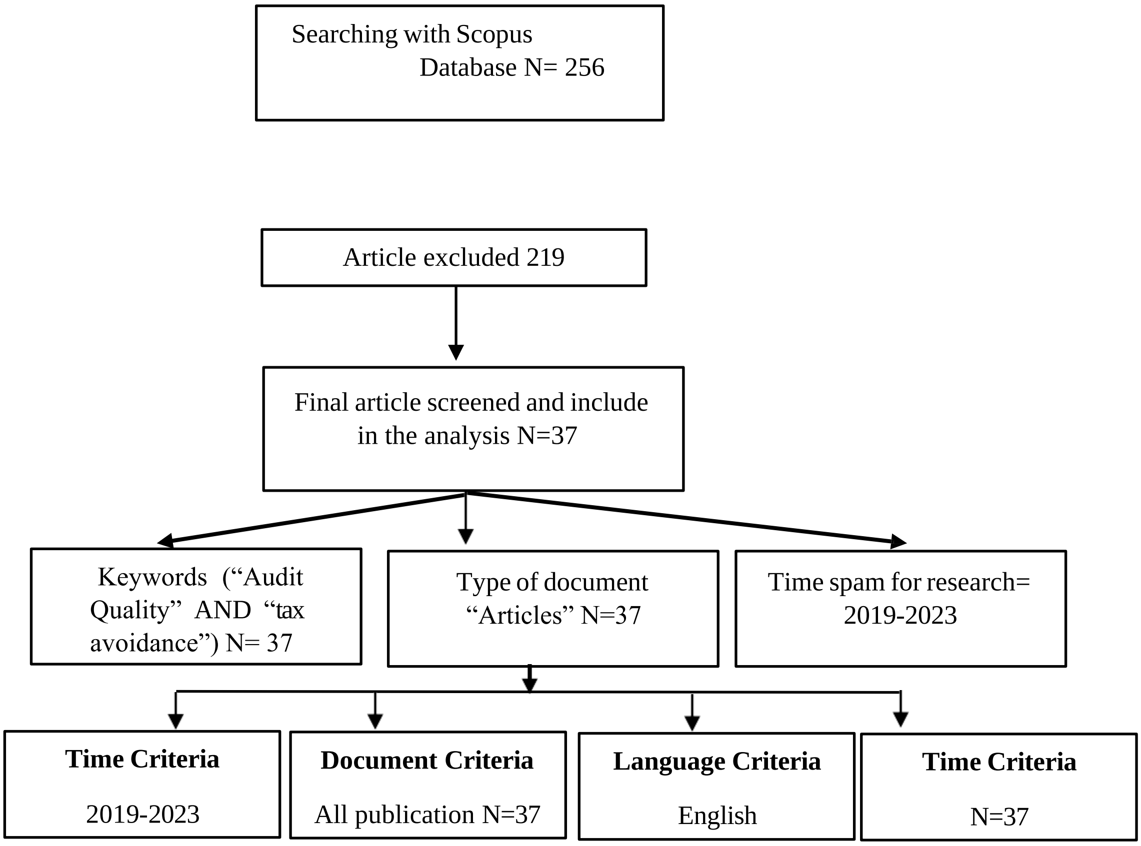

Figure 2. Strategy collection article

We started the SLR by identifying keywords and search terms. The systematic literature review analysis in the diagram above shows a comprehensive methodological approach in evaluating the literature on the relationship between audit quality and tax avoidance. The initial process began with a search using the Scopus database, resulting in 256 relevant articles based on the specific keywords 'Audit Quality' and 'Tax Avoidance.' From these results, a rigorous screening was conducted that excluded 216 articles, as they were not relevant to our defined scope of research. This process left 40 articles that were deemed to meet the criteria for further analysis. Thus, this selection aimed to ensure that the articles analysed actually made a substantial contribution to the understanding of the role of audit quality in mitigating tax avoidance practices.

The next stage involved applying strict inclusion criteria, covering document type, language, and publication timeframe. Only 'Articles' published in English during the period 2019 to 2023 were included. The selection of this period was specifically designed to capture the dynamics of recent research relevant to the global context and current regulatory trends in auditing and taxation. This strategy not only ensures linguistic and academic consistency, but also provides a sharp focus on literature that reflects the latest empirical conditions. As such, this approach builds a solid foundation for analysing in depth the causal relationship between audit quality and tax avoidance, as well as understanding how contemporary research contributes to the development of theory and practice in this area.

4. Result Discussion and Future Direction

In this study, the authors used 37 reputable articles indexed by Scopus Database from 2019-2023. A summary of the journal review is shown in Table 1, details as follows:

Table. 1 Summary Journal for Review

No	Name Journal	f	Index By
1	Risk Governance & Control: Financial Market & Institutions	1	Q3
2	Journal Risk and Financial Management	1	Q2
3	Managerial Auditing Journal	1	Q1
4	Journal of Small Business Management	1	Q1
5	Asian Journal of Accounting Research	1	Q2
6	Journal of Governance and Regulation	2	Q4
7	European Accounting Review	3	Q1
8	Corporate Governance and Organizational Behavior	2	Q4

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9	International Journal of Innovative Research and Scientific Studies	1	Q3
10	Economic Research Ekonomska Istrazivanja	1	Q2
11	Problems and Perspectives In Management	3	Q2
12	System	1	Q3
13	Journal Of Management and Governance	1	Q1
14	Cogent Business and Management	3	Q2
15	Business: Theory and Practice	1	Q3
16	Prague Economic Papers	1	Q3
17	International Journal of Economic and Financial Issues	1	
18	Journal of Business Economics	1	Q2
19	International Journal of Sociology	1	Q1
20	Universal Journal of Accounting and Finance	1	
21	Investment Management and Financial Innovations	2	Q3
22	International Journal of Data and Network Science	1	Q2
23	Asian Journal of Economic Modelling	1	Q3
24	International Journal of Sustainable Development and Planning	1	Q3
25	Economies	1	Q2
26	Entrepreneurship and Sustainability Issues	1	
27	Administrative Science	1	Q1
28	The International Journal Of Accounting	1	
	Total	37	

The table above presents a summary of journals categorised by quartile index (Q) and relevance to systematic literature reviews in governance, finance and management. Of the total 37 journals listed, the majority are in the upper quartile (Q1 and Q2), indicating high research quality. A total of 8 journals fall into Q1, such as Managerial Auditing Journal, Journal of Small Business Management, and European Accounting Review, indicating significant contributions to science. In addition, there are 9 journals in the Q2 category, such as Journal of Risk and Financial Management and Economic Research Ekonomska Istrazivanja, which also have a strong reputation for presenting quality academic research. The presence of these high index journals provides evidence that the studies reviewed in this literature are based on valid and credible sources.

However, some journals are also listed in the lower quartile (Q3 and Q4), such as Risk Governance & Control and Corporate Governance and Organizational Behaviour, which despite their contribution, may require further evaluation in terms of scientific impact and research relevance. In addition, there are some journals that do not have a quartile classification, such as International Journal of Economic and Financial Issues and Entrepreneurship and Sustainability Issues, which may indicate that they are not yet fully recognised by major index systems. This combination of journals from different quality levels provides a comprehensive overview of research in the field of governance and finance, with a focus that covers a wide range of perspectives, from theoretical approaches to empirical studies (Miguel Gil, Timur Uman, Martin R. W. Hiebl & Steffen Seifner.,2024).

4.1 Classification of articles based on research methods

Table 2. Classification of article based on research methods

No	Method	Number of articles	Percentage
1	Analytical	28	75,68%
2	Survey	8	21,62%
3	Literature Review	1	2,70%
	Total	37	100%

Based on the classification in Table 2, it can be seen that the table above shows the distribution of research methods used in the 37 articles that are part of the systematic literature review. Analytical methods dominate with 28 articles or about 75.68% of the total, indicating that most studies focus on processing quantitative and qualitative data to produce in-depth conclusions. Researchers who used analytical research methods were Skomra J, Alam P dan Skomra P (2022) and Gill M (2024). This analytical approach is often used to test hypotheses, analyse variable relationships, or construct relevant models in the context of governance, finance and management. The dominance of this method reflects researchers' preference for data-driven approaches that provide measurable and objective results. In contrast, the survey method was only used in 8 articles, or around 21.62%, while the literature review method only appeared in 1 article (2.70%). The use of surveys as a research method signifies an attempt to collect primary data directly from respondents, which usually involves empirical studies based on experience or perception. Meanwhile, the lack of articles using the literature review method suggests that there is room to further explore the potential for literature synthesis to provide a more holistic perspective on the topic under study. An example of a researcher using the literature review method is Gil M et al., (2024). Overall, this distribution of methods indicates a diversity in research approaches, with a primary focus on in-depth analyses, but with opportunities to further develop other methods.

4.2 Classification of articles and Literature Review

Table 3. Research design of the articles included in the literature review

Author(s), Year	Time Frame	Sample Size	Theories	Country
Alqatamin D., & Alqatamin R (2024)	2016-2023	1,160 observations.	Agenchy Theory	Jordanian companies
Namakavarani O.,et all (2021)	2011-2016	558 Firms	Political Economies	Tehran Stock Exchange
Gil M	2002-2020	71 articles	Family Business Theory	Multiple (Global)
Skomra J, Alam P and Skomra P (2022)	2005-2015	SEC comment letters dataset	Agenchy Theory	USA
Soroushyar A (2022)	2011-2020	145 companies (TSE)	Resource allocation index	Iran
Fasoulas M et al., (2024)	2014-2018	Listed Company (ASE)	Corporate Governance	Greece
Carey P, Eirle B & Hartlieb S (2024)	2024	Private Clients Firms	Social Psyhology Theory	Germany
Chen J, Elemes A & Lobo G (2021)		UK Private Firm	Audit Quality Theories	United Kingdom
Hattani N & Sahbani S (2024)	2014-2019	48 Firms	Governance Mechanism	Morocco
Handoyo S, Wicaksono A & Darmesti A (2022)		Mining Companies	Corporate Governance Theory	Indonesia
Hou F et al., (2022)	2001-2019	Chinese Listed Firms	Behavioral Consistency Theory, Social Identify Theory	China
Yulianti, Chandrarin G & Supanto F (2022)	2022	348 auditors in Indonesia	Professionalism and Ethics Theory	China

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Chang Q., Kong C and Jin S (2024)	2013-2022	China listed company	Digital Transformation Theory	China
Wang L., You K and Chen H (2024)	2011-2020	Chinese listed non-financial firms	Financialization Theory	China
Blaufus K, Schoundube J & Wielenberg S (2022)	2024	Model Based simulation	Tax Compliance Theory	Germany
Al Ansi.,A (2022)	2022	193 saudi	VirtualAudit Proficiency Theory	Saudi Arabia
HakimL., Rahayu D.,& Endri E (2022)	2014-2018	Manufacturing sector in Indonesia	Earning Management Theory	Indonesia
Santosa P et al.,(2023)	2010-2021	Indonesia listed firms	Incentive Alignment Hypothesis	Indonesia
Yu X, Chen M & Ye Y (2024)	2010-2020	Chinese listed firms	Ownership structure theory	China
Kartadjumeana E & Nuryaman N (2024)	2018-2022	47 minings and plantations companies in Indonesia	Agenchy Theory	Indonesia
Dong T, Eugster F & Vazquez A (2022)	2019- 2022	Russell 2000 firms	Agenchy Theory	USA
Blaufus K, Reineke J & Tren I (2022)		200 Firms	Tax control framework theory	Multinational
Shubita M., Alrawashedh N & Alqam M (2024)	2014-2022	64 Manufacturing Firms	Corporate Governance	Jordan
Riguen R., Salhi B., Jarboui A (2019)	2005-2017	270 UK Firms	Agenchy Theory, Gender Diversity Theory	UK
Jamaluddin et	2021	202 auditors in	Auditors	Indonesia

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al., (2021)		sulawesi	competence theory	
Shin I & Park S (2019)	2001-2016	Public companies listed in Korea	Market Competition Theory	Korea
Junaidi R., Andriyani N & Hajawiyah A (2023)	2018-2020	IDX Listed Firms	CSR and Tax Avoidance	Indonesia
Lustrilanang P et al (2023)	2023	321 auditors	Audit Quality Theory	Indonesia
Sari D et al., (2023)	2014-2018	1470 firms	Transfer Pricing Aggressiveness	Southeast Asia
Alsmady A (2025)	2013-2019	188 firms	Boardroom Gender Diversity	GCC Countries
Oktaviani R.,et al (2023)	2017-2021	IDX Banking Sector Firms	Corporate Governance	Indonesia
Nguyen T (2022)	2021-2025	339 SMES	Voluntary Tax Compliance Behavior Theory	Vietnam
Santosa P.,et al (2021)	2013-2019	IDX Listed Firms	Corporate Governance	Indonesia
Eriandani R., Pirzada K & Kurniawan M (2020)	2016-2018	754 firms	Agency Theory	Indonesia
Kimea A, Mkhize M & Maama H (2023)		173 sub-Saharan African Firms	Institutional Theory	Sub Saharan Africa
Lawati H., Sanad Z & Farsi M (2024)	2014-2020	Omani Financial Firms	Big Data and Audit Quality	Oman
Watrin C., Burggraef S & Weiss F (2019)	2015	German Firms	Tax Uncertainty and Audit Quality Theory	Germany

Based on the research table above, there are significant variations in time coverage, sample size, theories used, as well as the country of focus. In general, studies cover a wide range of time periods, from short ones such as one year to long spans of up to two decades. For example, research by Gil M

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(2002-2020) covers 18 years with a focus on 71 articles highlighting family business theory globally. On the other hand, studies such as Namakavarani et al., (2021) with a time span of 2011-2016 analysed 558 companies on the Tehran Stock Exchange with political economy theory. This variation reflects researchers' efforts to understand different dynamics in different sectors and countries that have unique challenges. In terms of sample size, the variation is also striking. Studies with large sample sizes, such as Sari et al., (2023) with 1,470 firms in Southeast Asia, show a comprehensive analysis of transfer pricing aggressiveness. In contrast, studies with smaller sample sizes such as Kartadjumeana E & Nuryaman N (2024) which examined 47 mining and plantation companies in Indonesia, show an in-depth focus on agency theory in the context of specific industries. In addition, studies using auditor data, such as Yulianti et al., (2022) with 348 auditors in Indonesia, show a focus on professional behaviour and ethics that affect audit quality.

The use of theory is also very diverse, covering various aspects such as Agency Theory, Corporate Governance Theory, to more specific theories such as Digital Transformation Theory Chang et al., (2024) in China. Research in developing countries, such as Hakim et al., (2022) in the Indonesian manufacturing sector, highlights the application of earnings management theory. Research in developed countries such as Blaufus et al., (2023) in Germany using Tax Compliance Theory reflects the different theoretical approaches used to understand local and global phenomena. From a geographical perspective, the research covers a wide area, ranging

from Asia, Europe, to Africa. Countries such as Indonesia, China, and Germany are the main focus with a significant number of studies, indicating the importance of this region in the context of accounting and finance research. Research such as by Nguyen (2022) in Vietnam with the behavioural theory of voluntary tax compliance provides new insights into tax challenges in developing countries. Meanwhile, global research such as Gil M (2002-2020) shows that the theory applied can cover multiple countries at once, providing a broader perspective on global trends. This combination of time, theory, and geographical context creates a deeper understanding of diverse accounting and auditing issues.

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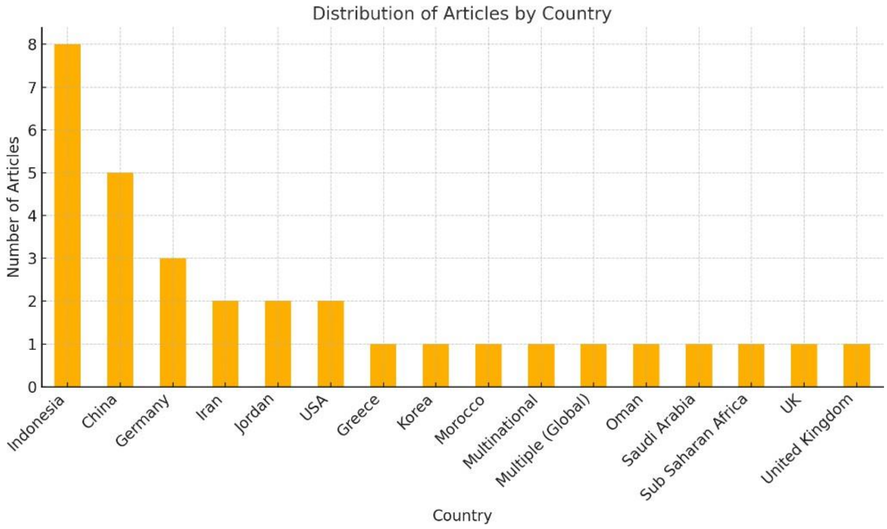

Figure 3. The Field Map

The chart shows that Indonesia is the country with the highest number of studies in this list, reaching six articles. This reflects the high interest of researchers in accounting, auditing and corporate governance issues in Indonesia, both in the public and private sectors. A focus on theories such as Corporate Governance and Earning Management Theory dominates the research in Indonesia, demonstrating the relevance of both topics in the context of emerging economies. Apart from Indonesia, China is also in the spotlight with 5 articles, which discuss theories such as Behavioural Consistency Theory and Digital Transformation Theory. This shows how digital transformation and the behavioural aspects of organisations are a key focus in the country's listed companies. The dominance of research in these two countries may be due to the rapid economic growth that drives the need for better governance and

auditing. Other countries such as Germany, the United States, and the United Kingdom have 2 articles each, reflecting a more specific focus on issues such as Tax Compliance Theory in Germany and Agency Theory in the United States. Research in these developed countries often utilise more extensive data and established theories to explore complex issues. Countries with a single article, such as Morocco, Oman and Vietnam, show an early interest in exploring the local context. Despite their small number, these articles provide important insights into the challenges and opportunities in audit systems and corporate governance in these countries. Overall, this chart reflects the geographic diversity in accounting and auditing research, with a strong concentration in Asian countries and significant contributions from developed countries.

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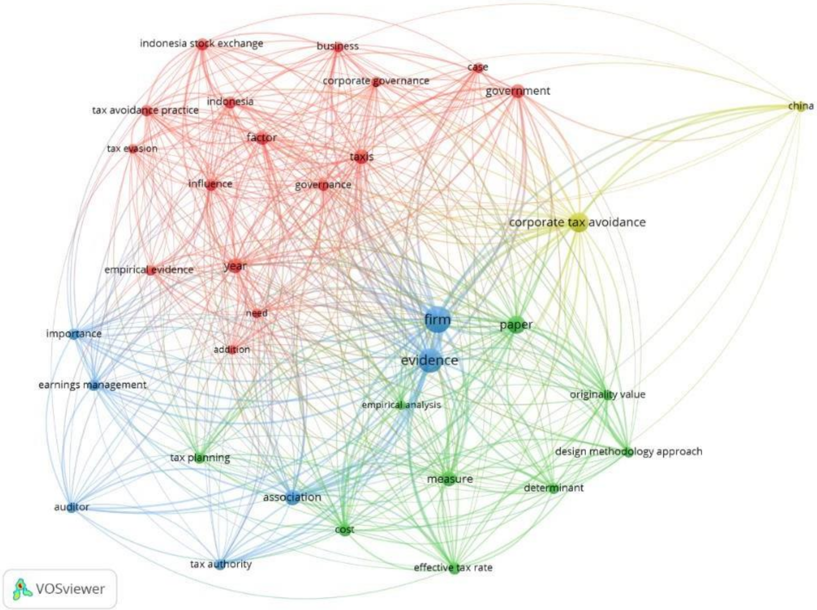
Figure 4. Analysis of



The figure shows the network map of relationships between variables analysed using VOSviewer software. Key points such as ‘firm’, ‘evidence’, and ‘corporate tax avoidance’ are the centres of high connectivity, indicating that these topics have significant influence and linkages with various other concepts. For example, ‘corporate governance’ and ‘tax avoidance practice’ have strong connections with other variables such as ‘government’ and ‘tax evasion’, indicating a research focus on corporate governance in the context of tax compliance and tax avoidance practices. The dominance of these connections indicates the importance of governance and tax regulation as central themes in accounting and auditing studies.

Selain itu, terdapat konektivitas yang signifikan antara variabel "earnings management", "auditor", dan "tax planning", yang menggambarkan relevansi peran auditor dalam mengelola manajemen laba dan perencanaan pajak. Fokus pada negara tertentu, seperti "Indonesia" dan "China", menunjukkan bahwa penelitian ini memperhatikan konteks regional yang spesifik. Aspek seperti bukti empiris ("empirical evidence") dan desain metodologi ("design methodology approach") juga mendapat perhatian sebagai indikator kualitas penelitian. Peta ini mengindikasikan bahwa penelitian sebelumnya telah mengeksplorasi berbagai hubungan kompleks, tetapi masih ada ruang untuk mengembangkan pemahaman yang lebih mendalam mengenai interaksi variabel-variabel ini.

In addition, there is significant connectivity between the variables ‘earnings management’, ‘auditor’, and ‘tax planning’, which illustrates the relevance of the auditor's role in managing earnings management and tax planning. The focus on specific countries, such as 'Indonesia' and 'China', indicates that this study pays attention to specific regional contexts. Aspects such as empirical evidence and design methodology approach also receive attention as indicators of research quality. The map indicates that previous research has explored complex relationships, but there is still room to develop a deeper understanding of the interactions of these variables.

A future research agenda based on the variable distribution picture could focus on exploring the dynamic relationships between corporate governance, tax avoidance, earnings management, and audit quality in different global and local contexts. Research can be directed towards the influence of digital transformation, such as the implementation of big data and artificial intelligence, on audit effectiveness and corporate governance transparency, especially in emerging economies such as Indonesia and China that have significant contributions to this network map. In addition, it is important to delve deeper into the role of auditors' professional ethics in preventing aggressive tax avoidance and earnings management practices, as well as how government regulation can improve corporate tax compliance. Longitudinal studies covering changes in tax policies and their impact on firms' business sustainability may also provide new insights. Finally, the research agenda could include cross-sectoral analyses to understand how different industry sectors, such as manufacturing and banking, face challenges in integrating good governance with innovative and ethical business practices.

CONCLUSION

This study highlights the importance of audit quality as a crucial element in mitigating aggressive tax avoidance practices. The findings of this research indicate that high-quality auditors can reduce a company's motivation to engage in aggressive tax optimization practices by providing stricter oversight and implementing efficient audit procedures. The study also emphasizes that KAM disclosures increase public trust in financial statements, ultimately supporting good governance objectives and the sustainability of corporate businesses. This study highlights the importance of audit quality as a crucial element in mitigating aggressive tax avoidance practices. In the context of corporate governance, the role of auditors is not only to ensure compliance with regulations but also to enhance financial reporting transparency through the disclosure of Key Audit Matters (KAM).

The findings of this research indicate that high-quality auditors can reduce a company's motivation to engage in aggressive tax optimization practices by providing stricter oversight and implementing efficient audit procedures. The use of diverse theories, spanning from Agency Theory and Corporate Governance Theory to region-specific frameworks like Digital Transformation Theory in China and Earnings Management Theory in Indonesia, highlights the rich variety of approaches in accounting and finance research. Studies in both developing and developed countries, such as Vietnam, Indonesia, and Germany, reflect the theoretical and geographical diversity addressing local and global phenomena. This integration of varied theories, timeframes, and geographical contexts enriches the understanding of complex accounting and auditing challenges, offering valuable insights into both regional and global trends. The study also emphasizes that KAM disclosures increase public trust in financial statements, ultimately supporting good governance objectives and the sustainability of corporate businesses. It is essential for regulators and policymakers to prioritize the development of governance frameworks that support auditor independence and strengthen regulations related to KAM disclosures. Technology-based training for auditors should also be implemented to enhance their capabilities in addressing modern audit challenges. Furthermore, collaboration between governments, companies, and academics can support further research oriented toward practical solutions for improving audit quality and reducing tax avoidance practices, which will ultimately have a positive impact on overall economic growth.

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