ABSTRACT

The financial statement report is a description of the company's performance in a certain period used for making decision, especially for investors, while taxes are a expense by the company. An agency problem arises between indications of fraud in financial statements for low taxes and tax aggressiveness by management. Corporate governance exists to minimize these conflicts. So,the purpose of this research is to investigate the effect of Indicated Financial Statement Fraud on Tax Aggressivenes with Corporate Governance as an moderating variable. Financial report fraud was measured by the Beneish M-Score, Tax Aggressiveness was measured by the effective tax rate (ETR), whileThe Corporate Governance referred to Corporate Governance Perceptions Index (CGPI) published by the Indonesian Institute for Corporate Governance (IICG).

The population in this study were public companies that issued CGPI consecutively from 2012 to 2017. Based on the purposive sampling method, nine companies were selected from a total of fifty four observations. Data analysis in this study used e-views. 10. The results show that the companies indicated to have committed fraud in the financial statements have an effect on the company's tax aggressive actions. Corporate governance weakens this relationship by 32.6%.

Keywords : *Financial Statements Fraud, Tax Aggressivenes, Corporate Governance*.