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The Effect Of Tax Planning And Good Corporate Governance On The Market Value Of Banking Companies Listed On The Indonesian Stock Exchange 2022-2024

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Abstract
This study aims to examine the effects of Tax Planning and Good Corporate Governance (GCG) on firm value among banking companies listed on the Indonesia Stock Exchange during the 2022–2024 period. This research employed a quantitative approach with an explanatory research design. The study population consisted of 47 banking companies, and a total of 141 observations were obtained from the companies' annual reports and financial statements. Data were analyzed using IBM SPSS Statistics through descriptive statistics, classical assumption tests, multiple linear regression analysis, the coefficient of determination, t-tests, and F-tests. The results indicate that Tax Planning has a positive and statistically significant effect on firm value, with a significance value of 0.009, while Good Corporate Governance also has a positive and statistically significant effect on firm value, with a significance value of 0.038. Furthermore, the simultaneous test demonstrates that Tax Planning and Good Corporate Governance jointly have a significant effect on firm value, as indicated by an F-test significance value of 0.006. The Adjusted R-squared value of 0.065 indicates that the two independent variables explain 6.5% of the variation in firm value. These findings suggest that the implementation of effective tax planning strategies and sound corporate governance practices can enhance firm value and strengthen investor confidence in the banking sector.

INTRODUCTION

Firm value has become one of the primary concerns for investors because it reflects a company's ability to achieve sustainable performance while providing promising future investment returns. A higher firm value indicates stronger market confidence in the company's growth prospects, operational stability, and ability to generate wealth for shareholders. In the banking industry, firm value is considered more strategically important than in many other sectors because banking operations rely heavily on public trust and operate within a highly regulated environment. Consequently, banking companies are required to implement strategic policies that maintain business stability while enhancing market confidence and corporate value (Wahyuda et al., 2025).

The enhancement of firm value depends not only on a company's profitability but also on the effectiveness of resource management and the quality of corporate governance. One corporate policy that has attracted considerable attention is Tax Planning. Tax planning refers to a company's effort to manage its tax obligations legally by utilizing existing tax regulations to minimize tax

expenses without violating applicable laws. Such efficiency enables firms to increase after-tax profits and strengthen their capacity to create value for shareholders. However, excessively aggressive tax planning may generate negative perceptions if it is viewed as increasing tax risk or reducing corporate tax compliance. Therefore, companies are expected to maintain an appropriate balance between tax efficiency and regulatory compliance so that the economic benefits obtained do not undermine investor confidence (Agustina et al., 2023). In the banking sector, the implementation of tax planning is particularly important because tax-related policies are subject to strict regulatory supervision, requiring companies to apply tax planning strategies cautiously, transparently, and responsibly (Wahyuda et al., 2025).

In addition to tax efficiency, firm value is also influenced by the quality of Good Corporate Governance (GCG). Good corporate governance refers to a system of principles and mechanisms designed to direct and control corporate activities based on transparency, accountability, responsibility, independence, and fairness (Rohmah et al., 2024). From the perspective of Agency Theory, these governance mechanisms serve to reduce conflicts of interest arising from the separation of ownership and management between shareholders (principals) and managers (agents). Effective governance is expected to minimize managerial opportunistic behavior and encourage decision-making that maximizes shareholder wealth (Jensen & Meckling, 1976). Furthermore, the implementation of GCG through the board of commissioners, audit committees, and institutional ownership is believed to strengthen monitoring effectiveness and improve the credibility of corporate information disclosed to investors (Cahyani et al., 2023). As governance quality improves, investor confidence is expected to increase, ultimately leading to higher firm value (Agustina et al., 2023).

Previous empirical studies examining the relationship between Tax Planning and firm value have produced inconsistent findings (Ardiansyah & Hidayah, 2025). Several studies report that tax efficiency improves after-tax earnings and subsequently enhances firm value (Agustina et al., 2023).Conversely, other studies argue that tax planning does not necessarily increase firm value because investors may perceive aggressive tax strategies as a source of uncertainty and corporate risk (Naveli et al., 2024). These inconsistent findings suggest that the impact of tax planning depends on firm characteristics, regulatory environments, and industrial contexts, indicating the need for further empirical investigation, particularly within the banking industry.

Similarly, prior studies investigating the effect of Good Corporate Governance on firm value have also yielded mixed results. Several researchers have demonstrated that effective corporate governance enhances monitoring quality, improves information transparency, and strengthens investor confidence, thereby increasing firm value (Rohmah et al., 2024). However, other studies have reported that not all governance mechanisms significantly influence firm value, suggesting that the effectiveness of GCG varies across firms depending on governance quality, corporate characteristics, and business environments (Naveli et al., 2024).

Based on the foregoing discussion, a clear research gap remains regarding the relationship between Tax Planning, Good Corporate Governance, and firm value. Moreover, empirical studies simultaneously examining these two variables within banking companies listed on the Indonesia Stock Exchange during the 2022–2024 period remain limited. This issue is particularly important because the banking industry differs from other sectors due to its strict regulatory oversight and its heavy reliance on public trust. Therefore, examining the roles of tax planning and corporate governance in enhancing firm value is both academically and practically relevant (Wahyuda et al., 2025). Accordingly, this study aims to investigate the effects of Tax Planning and Good Corporate

Governance on the firm value of banking companies listed on the Indonesia Stock Exchange during the 2022–2024 period. The novelty of this study lies in its focus on the banking sector using the most recent observation period while simultaneously examining the effects of Tax Planning and Good Corporate Governance on firm value.

Based on the theoretical framework, previous empirical findings, and the conceptual model developed in this study, the hypotheses are formulated as follows:

H1: Tax Planning has a positive and significant effect on firm value.

H2: Good Corporate Governance has a positive and significant effect on firm value.

H3: Tax Planning and Good Corporate Governance simultaneously have a positive and significant effect on firm value.

METHODS

This study employed a quantitative approach using an explanatory research design to examine the effects of Tax Planning and Good Corporate Governance (GCG) on the firm value of banking companies listed on the Indonesia Stock Exchange (IDX). The study utilized secondary data obtained from the annual financial reports and corporate governance reports published by the Indonesia Stock Exchange, as well as the official websites of the respective companies, covering the 2022–2024 observation period.

The population consisted of all 47 banking companies listed on the Indonesia Stock Exchange during the study period. Given the relatively small population size, this study adopted a census sampling (saturated sampling) technique, whereby all population members were included as research samples. With a three-year observation period, a total of 141 firm-year observations were obtained and used for the empirical analysis.

Firm value served as the dependent variable and was measured using Tobin's Q. The independent variables comprised Tax Planning, proxied by the Effective Tax Rate (ETR), and Good Corporate Governance (GCG), measured using the corporate governance index disclosed in each company's annual report. These proxies were selected because they appropriately represent the effectiveness of tax management and the quality of corporate governance practices within the banking industry.

The data were analyzed using IBM SPSS Statistics (Ghozali, 2021). The analysis began with descriptive statistics to summarize the characteristics of the research variables. Subsequently, classical assumption tests, including the normality, multicollinearity, heteroscedasticity, and autocorrelation tests, were conducted to ensure that the regression model satisfied the required statistical assumptions (Sugiyono, 2024). Hypothesis testing was performed using multiple linear regression analysis. The partial effects of the independent variables on firm value were examined using the t-test, while their simultaneous effect was evaluated using the F-test. The explanatory power of the regression model was assessed using the Adjusted R-squared coefficient, with the statistical significance level set at 5%.

Tabel 1.
Company Data

No.	Code	Company	No.	Code	Company

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1	AGRO	PT Bank Raya Indonesia Tbk	25	BMAS	PT Bank Maspion Indonesia Tbk
2	AGRS	PT Bank IBK Indonesia Tbk	26	BMRI	PT Bank Mandiri (Persero) Tbk
3	AMAR	PT Bank Amar Indonesia Tbk	27	BNBA	Bank Bumi Arta Tbk
4	ARTO	PT Bank Jago Tbk	28	BNGA	PT Bank CIMB Niaga Tbk
5	BABP	PT Bank MNC Internasional Tbk	29	BNLI	Bank Permata Tbk
6	BACA	PT Bank Capital Indonesia Tbk	30	BNII	PT Bank Maybank Indonesia Tbk
7	BANK	PT Bank Aladin Syariah Tbk	31	BRIS	PT Bank Syariah Indonesia Tbk
8	BBCA	PT Bank Central Asia Tbk	32	BSIM	Bank Sinarmas Tbk
9	BBHI	PT Allo Bank Indonesia Tbk	33	BSWD	Bank of India Indonesia Tbk
10	BBKP	PT Bank KB Bukopin Tbk	34	BTPN	PT Bank BTPN Tbk
11	BBMD	PT Bank Mestika Dharma Tbk	35	BTPS	PT Bank BTPN Syariah Tbk
12	BBNI	PT Bank Negara Indonesia (Persero) Tbk	36	BVIC	Bank Victoria Internasional Tbk
13	BBRI	PT Bank Rakyat Indonesia (Persero) Tbk	37	DNAR	PT Bank Oke Indonesia Tbk
14	BBSI	PT Krom Bank Indonesia Tbk	38	INPC	Bank Artha Graha Internasional Tbk
15	BBTN	PT Bank Tabungan Negara (Persero) Tbk	39	MASB	PT Bank Multiarta Sentosa Tbk
16	BBYB	PT Bank Neo Commerce Tbk	40	MAYA	PT Bank Mayapada Internasional Tbk
17	BCIC	PT Bank Jtrust Indonesia Tbk	41	MCOR	PT Bank China Construction Bank Indonesia Tbk
18	BDMN	PT Bank Danamon Indonesia Tbk	42	MEGA	Bank Mega Tbk
19	BEKS	PT Bank Pembangunan Daerah Banten Tbk	43	NISP	PT Bank OCBC NISP Tbk
20	BGTG	PT Bank Ganesha Tbk	44	NOBU	PT Bank Nationalnobu Tbk
21	BINA	PT Bank Ina Perdana Tbk	45	PNBN	Bank Pan Indonesia Tbk
22	BJBR	Bank Pembangunan Daerah Jawa Barat Tbk	46	PNBS	PT Bank Panin Dubai Syariah Tbk
23	BJTM	Bank Pembangunan Daerah Jawa Timur Tbk	47	SDRA	PT Bank Woori Saudara Indonesia 1906 Tbk
24	BKSW	PT bank QNB Indonesia Tbk			

RESULTS AND DISCUSSION

Descriptive Statistics

Descriptive statistics were employed to provide an overview of the characteristics of the research data, including the minimum, maximum, mean, and standard deviation of each research variable. The variables analyzed in this study consisted of Tax Planning, proxied by the Effective Tax Rate (ETR), Good Corporate Governance (GCG), and Firm Value. The descriptive statistics

are presented in Table .

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Tabel 2.
Descriptive Statistic

Variable	N	Minimun	Maximum	Mean	Std. Deviation
ETR	141	-0.34	0.90	0.1979	0.13466
GCG	141	1.32	2.01	1.4896	0.13445
Firm Value	141	2.82	8.23	5.5777	1.17098

Source: SPSS Output, processed data (2026).

As shown in Table 2, this study analyzed 141 firm-year observations obtained from 47 banking companies during the 2022–2024 period. The Tax Planning variable, measured using the Effective Tax Rate (ETR), ranged from −0.34 to 0.90, with a mean value of 0.1979. This average indicates that the sampled banking companies incurred tax expenses equivalent to approximately 19.79% of their pre-tax income. The standard deviation of 0.13466, which is lower than the mean, indicates relatively low variability and a homogeneous distribution of ETR among the sampled firms.

The Good Corporate Governance (GCG) variable ranged from 1.32 to 2.01, with a mean value of 1.4896 and a standard deviation of 0.13445. Since the standard deviation is smaller than the mean, the data exhibit relatively low dispersion, suggesting that the implementation of corporate governance practices among the sampled banking companies is relatively consistent. This consistency may reflect the stringent governance requirements imposed by banking and capital market regulators.

The Firm Value variable ranged from 2.82 to 8.23, with a mean value of 5.5777 and a standard deviation of 1.17098. Compared with the ETR and GCG variables, firm value exhibits greater variability, indicating considerable differences in market valuation among banking companies. These variations may be attributed to differences in profitability, firm size, capital structure, business risk, market conditions, and managerial policies.

Classical Assumption Tests Normality Test

The normality test was conducted to determine whether the regression residuals were normally distributed. The One-Sample Kolmogorov–Smirnov test was employed, and the results are presented in Table 3.

Tabel 3.
Normality Test

Descriptions	Value
N	141
Test Statistic	0.071
Asymp. Sig. (2-tailed)	0.082
Monte Carlo Sig.	0.461

Source: SPSS Output, processed data (2026).

The normality test produced an Asymp. Sig. (2-tailed) value of 0.082, which exceeds the significance threshold of 0.05. Likewise, the Monte Carlo significance value of 0.461 is also greater than 0.05. These findings indicate that the regression residuals are normally distributed. Therefore, the normality assumption is satisfied, indicating that the regression model is appropriate for further hypothesis testing. The fulfillment of the normality assumption also suggests that the error terms follow a normal distribution, ensuring unbiased and efficient parameter estimation in the multiple linear regression model.

Heteroscedasticity Test

The heteroscedasticity test was conducted using the Glejser method to examine whether the residual variances remained constant across observations.

Tabel 4.
Heteroscedasticity Test

Variable	Sig.
ETR	0.821
GCG	0.51

Source: SPSS Output, processed data (2026).

The significance values for ETR and GCG were 0.821 and 0.051, respectively. Since both values exceed 0.05, the regression model does not exhibit heteroscedasticity. These findings indicate that the residual variance is constant across observations, satisfying one of the fundamental assumptions of multiple linear regression. Although the significance value for GCG is close to the threshold, it remains statistically acceptable, confirming that the model is free from heteroscedasticity and suitable for subsequent analyses.

Multicollinearity Test

The multicollinearity test was performed to examine whether strong correlations existed among the independent variables. The results are presented in Table 5.

Tabel 5.
Multicollinearity Test

Variable	Tolerance	VIF
ETR	0.996	1.004
GCG	0.996	1.004

Source: SPSS Output, processed data (2026).

Both independent variables produced Tolerance values of 0.996, exceeding the recommended threshold of 0.10. Likewise, the Variance Inflation Factor (VIF) values were 1.004, which are substantially below the critical value of 10. These results indicate that multicollinearity is not present in the regression model. Accordingly, each independent variable contributes independently to explaining variations in firm value without causing estimation bias due to excessive intercorrelations.

Autocorrelation Test

The **Durbin–Watson test** was used to determine whether autocorrelation existed among the regression residuals. The results are presented in Table 6.

Tabel 6.
Autocorrelation Test

Durbin-Watson	dU	4 - dU
1.828	1.73	2.27

Source: SPSS Output, processed data (2026).

The obtained Durbin–Watson statistic was 1.828, which falls between the upper critical value (dU = 1.73) and 4 − dU = 2.27 (1.73 < 1.828 < 2.27). Therefore, the regression model does not exhibit autocorrelation. This finding indicates that the residuals are independent across observations and confirms that all classical assumptions required for regression analysis have been satisfied.

Multiple Linear Regression Analysis

Multiple linear regression analysis was employed to examine the partial and simultaneous effects of Tax Planning and Good Corporate Governance on firm value. The regression results are presented in Table 7.

Tabel 7.
Multiple Linear Regression Analysis

Variable	B	t	Sig.
Constant	1.819	12.697	0.000
Tax Planning (ETR)	0.206	2.671	0.009
Good Corporate Governance	0.484	2.098	0.038

Source: SPSS Output, processed data (2026).

Based on the regression analysis, the estimated regression equation is expressed as follows:

$$Y = 1.819 + 0.206X\_1 + 0.484X\_2$$

The constant coefficient of 1.819 indicates that when both independent variables are assumed to be zero, firm value is expected to be 1.819. The positive constant suggests that firm value remains positive even in the absence of the independent variables examined in this study.

The regression coefficient for Tax Planning is 0.206, indicating that a one-unit increase in Tax Planning is associated with an increase of 0.206 units in firm value, assuming other variables remain constant. This positive coefficient suggests that more effective tax planning contributes to higher firm value.

Similarly, the regression coefficient for Good Corporate Governance is 0.484, indicating that a one-unit increase in GCG increases firm value by 0.484 units, ceteris paribus. Since this coefficient is larger than that of Tax Planning, it suggests that corporate governance has a relatively stronger contribution to enhancing firm value in the banking sector during the observation period.

Hipotesys Test

Partial Significance Test (t-test)

Effect of Tax Planning on Firm Value

The t-test results show that Tax Planning has a t-value of 2.671 with a significance level of 0.009, which is below the 0.05 threshold. Therefore, Hypothesis 1 (H1) is accepted, indicating that Tax Planning has a positive and statistically significant effect on firm value. These findings suggest that effective tax planning enables firms to reduce tax expenses legally, thereby increasing after-tax earnings and signaling efficient resource management to investors. As a result, investor confidence improves, contributing to higher firm value.

Effect of Good Corporate Governance on Firm Value

The results further indicate that Good Corporate Governance has a t-value of 2.098 with a significance value of 0.038, which is below the 0.05 significance level. Consequently, Hypothesis 2 (H2) is accepted, demonstrating that Good Corporate Governance has a positive and statistically significant effect on firm value. These findings indicate that stronger corporate governance practices enhance transparency, accountability, and managerial oversight, thereby increasing investor confidence and improving firm value. This relationship is particularly important in the banking industry, where regulatory compliance and risk management play a critical role in sustaining corporate performance and market credibility.

Simultaneous Significance Test (F-test)

The F-test was conducted to examine the joint effect of Tax Planning and Good Corporate Governance on firm value.

Tabel 8.

Simultaneous Significance Test

F-Value	**Sig.**
5.344	0.006

Source: SPSS Output, processed data (2026).

The F-test yielded an F-statistic of 5.344 with a significance value of 0.006, which is below the 0.05 significance level. Therefore, Hypothesis 3 (H3) is supported, indicating that Tax Planning and Good Corporate Governance jointly have a significant effect on firm value. These findings suggest that firm value is influenced not only by tax efficiency but also by the quality of corporate governance. Banking companies that effectively manage their tax obligations while maintaining sound governance practices are more likely to gain investor confidence and achieve higher firm value.

Coefficient of Determination (Adjusted R^2)

The coefficient of determination was used to evaluate the explanatory power of the regression model.

Tabel 9.
Coefficient of Determination

R	R Square	Adjusted R^2
0.283	0.080	0.065

Source: SPSS Output, processed data (2026).

As shown in Table 9, the Adjusted R-squared value is 0.065, indicating that Tax Planning and Good Corporate Governance jointly explain 6.5% of the variation in firm value, while the remaining 93.5% is explained by other variables not included in this model, such as profitability, firm size, leverage, liquidity, capital structure, dividend policy, business risk, and macroeconomic conditions. Although the explanatory power of the model is relatively modest, the simultaneous regression results demonstrate that both independent variables make a statistically significant contribution to explaining firm value.

Effect of Tax Planning on Firm Value

The regression analysis indicates that Tax Planning has a positive and statistically significant effect on firm value. This relationship is evidenced by a positive regression coefficient of 0.206 and a significance value of 0.009, which is below the 0.05 significance threshold. These findings suggest that more effective tax planning is associated with higher firm value. In other words, the legal and well-structured management of corporate tax obligations generates positive market perceptions regarding a company's future prospects.

This finding indicates that Tax Planning serves not only as a mechanism for fulfilling tax obligations but also as an integral component of corporate financial management strategy. By utilizing available tax regulations effectively, companies can legally minimize their tax burden, thereby increasing after-tax earnings. Higher after-tax profits provide greater financial flexibility for strengthening capital structure, expanding operational capacity, financing business expansion, and maintaining performance stability in subsequent periods. Such conditions send a positive signal to investors by demonstrating management's ability to allocate corporate resources efficiently, ultimately contributing to higher firm value.

The positive relationship between Tax Planning and firm value supports the mechanism proposed by Agency Theory. According to this theory, managers, acting as agents, are expected to manage corporate resources efficiently to maximize shareholders' wealth. Effective tax planning reflects management's effort to enhance corporate efficiency while maintaining compliance with tax regulations. When such efficiency leads to increased profitability, shareholders benefit through greater returns, thereby achieving the firm's objective of maximizing firm value (Jensen & Meckling, 1976). Consequently, Tax Planning can be viewed as a managerial instrument that aligns the interests of management and shareholders.

From the perspective of firm value, these findings also suggest that investors evaluate not only the amount of profit generated by a company but also how efficiently those profits are achieved. Tax efficiency implemented in compliance with applicable regulations demonstrates the company's ability to control costs without increasing legal or reputational risks. Such conditions strengthen investors' confidence in the firm's growth prospects, thereby increasing demand for its shares and ultimately enhancing firm value.

The characteristics of the banking industry further reinforce this relationship. Unlike many other industries, banks operate under stringent regulatory oversight and compliance requirements, limiting opportunities for aggressive tax planning practices. Consequently, Tax Planning in the banking sector is primarily directed toward optimizing tax efficiency while remaining within regulatory boundaries. Under these circumstances, tax planning is not perceived as an activity that increases corporate risk but rather as an indicator of management's ability to administer corporate finances professionally and responsibly.

The empirical evidence obtained in this study is consistent with previous research demonstrating that Tax Planning enhances firm value by improving tax efficiency and increasing after-tax earnings (Agustina et al., 2023). These findings reinforce the view that well-managed tax policies can strengthen investor confidence in a company's future prospects. However, this study differs from other research suggesting that Tax Planning has either no significant effect or even a negative effect on firm value because it may increase perceived uncertainty and corporate risk (Naveli et al., 2024). These differences may be attributed to variations in research settings, as the banking sector is subject to stricter regulatory supervision than most other industries, resulting in tax planning practices that are more compliance-oriented and tightly controlled (Ardiansyah & Hidayah, 2025).

Effect of Good Corporate Governance on Firm Value

The findings indicate that Good Corporate Governance (GCG) has a positive and statistically significant effect on firm value. This conclusion is supported by a significance value of 0.038, which is below the 0.05 significance level, and a positive regression coefficient of 0.484. The magnitude of this coefficient suggests that improvements in corporate governance quality are associated with increases in firm value. These findings imply that investors evaluate not only a firm's ability to generate profits but also the quality of its governance system and internal control mechanisms when making investment decisions.

The effective implementation of Good Corporate Governance reflects a company's commitment to conducting business activities based on the principles of transparency, accountability, responsibility, independence, and fairness. These principles establish an effective control system that enhances decision-making quality while minimizing the potential for managerial misconduct. Consistent implementation of sound corporate governance increases corporate credibility because investors perceive the company as being better equipped to ensure business sustainability and manage risks effectively. Greater investor confidence subsequently leads to higher market appreciation, which is reflected in increased firm value.

These findings also support the relevance of Agency Theory in explaining the relationship between Good Corporate Governance and firm value. Agency Theory argues that the separation of ownership and managerial control may create conflicts of interest between shareholders and management. Through effective corporate governance mechanisms, companies can strengthen monitoring functions and reduce the likelihood of opportunistic managerial behavior (Sriwichien, 2025). The roles of the board of commissioners, audit committees, and other governance mechanisms help ensure that corporate decisions remain aligned with shareholders' interests. By reducing agency conflicts and agency costs, corporate efficiency improves, thereby contributing to higher firm value (Jensen & Meckling, 1976).

The positive relationship can also be explained through Stakeholder Theory, which views companies as entities responsible to all stakeholders rather than solely to shareholders. The implementation of sound corporate governance enhances relationships with investors, regulators, creditors, customers, and the broader community. In the banking industry, stakeholder trust is particularly critical because banking operations depend heavily on public confidence in institutional stability and credibility. Consequently, banks that consistently implement Good Corporate Governance principles are better positioned to maintain their reputation and achieve sustainable long-term increases in firm value.

The larger regression coefficient for Good Corporate Governance compared with Tax Planning indicates that corporate governance contributes more substantially to enhancing firm value in the banking sector. This finding suggests that investors place considerable emphasis not only on corporate profitability but also on internal control quality, risk management effectiveness, and business sustainability. The stronger the governance framework, the greater investors' confidence in the firm's ability to address business challenges sustainably.

The findings are consistent with previous studies demonstrating that Good Corporate Governance enhances firm value by strengthening monitoring mechanisms, improving information transparency, and increasing investor confidence (Rohmah et al., 2024). However, these results differ from studies reporting that Good Corporate Governance does not significantly influence firm value (Naveli et al., 2024).Such inconsistencies may result from differences in firm characteristics, governance indicators, observation periods, and industrial contexts. Within the banking industry, corporate governance implementation has become a regulatory requirement, resulting in more consistent governance practices than in many other sectors.

Joint Effect of Tax Planning and Good Corporate Governance on Firm Value

The simultaneous test demonstrates that Tax Planning and Good Corporate Governance jointly exert a significant influence on firm value. This conclusion is supported by the F-test significance value of 0.006, which is below the 0.05 significance level. These findings indicate that firm value in banking companies is influenced not only by effective tax management but also by the quality of corporate governance. Therefore, both factors complement each other in enhancing firm value.

The simultaneous relationship suggests that creating firm value requires synergy between financial strategy and corporate governance mechanisms. Tax Planning improves efficiency by optimizing tax liabilities within the applicable legal framework, while Good Corporate Governance ensures that corporate policies are implemented transparently, accountably, and responsibly. The combination of these two elements enables firms to improve financial performance without compromising governance standards. For investors, this combination provides assurance that the company is capable of generating profits while maintaining an effective internal control system to support long-term sustainability.

These findings demonstrate that improvements in firm value cannot be achieved through a single corporate policy alone. Although tax efficiency contributes to higher after-tax profits, its benefits are maximized when supported by effective corporate governance. Likewise, effective governance requires sound financial policies that enhance corporate performance to maximize shareholder wealth. Firm value therefore results from the interaction of multiple complementary corporate strategies that create competitive advantage while sustaining market confidence.

This relationship is consistent with Agency Theory, which argues that corporate objectives are more effectively achieved when the interests of managers and shareholders are aligned. Legally implemented Tax Planning generates economic benefits through greater operational efficiency, while Good Corporate Governance ensures that such policies are executed under appropriate accountability and monitoring mechanisms. The synergy between these two mechanisms reduces agency conflicts and agency costs, thereby increasing the company's potential to enhance firm value (Jensen & Meckling, 1976).

Furthermore, these findings reinforce Stakeholder Theory, which emphasizes that corporate success depends not only on profitability but also on fulfilling stakeholders' expectations. Tax Planning conducted in compliance with applicable regulations reflects the company's responsibility toward regulators, while Good Corporate Governance demonstrates its commitment to transparency, accountability, and integrity. Meeting the expectations of diverse stakeholders strengthens corporate reputation and increases investor confidence, ultimately leading to higher firm value.

Although both independent variables jointly exert a statistically significant effect, the Adjusted R^2 value of 0.065 indicates that Tax Planning and Good Corporate Governance explain only 6.5% of the variation in firm value. This finding suggests that firm value is a multidimensional construct influenced by numerous factors beyond the scope of this study. Variables such as profitability, leverage, firm size, capital structure, dividend policy, corporate risk, macroeconomic conditions, and capital market dynamics may exert greater influence on firm value. Therefore, Tax Planning and Good Corporate Governance should not be viewed as the sole determinants of firm value but rather as important contributing factors among many others affecting investors' assessments.

Empirically, these findings demonstrate that banking firms combining effective tax management with sound corporate governance practices are more likely to achieve higher firm value than firms emphasizing only one of these aspects. In the highly regulated banking industry, where public trust is fundamental, balancing financial policies with strong governance practices is essential for maintaining corporate reputation, strengthening investor confidence, and achieving sustainable growth. Consequently, strategies aimed at enhancing firm value should focus not only on improving financial efficiency but also on consistently strengthening the quality of corporate governance.

CONCLUSION

This study provides empirical evidence that Tax Planning and Good Corporate Governance contribute to enhancing firm value among banking companies listed on the Indonesia Stock Exchange during the 2022–2024 period. Partially, Tax Planning has a positive and statistically significant effect on firm value, indicating that effective tax management conducted in compliance with applicable tax regulations enhances corporate efficiency and sends positive signals to investors. Similarly, Good Corporate Governance also has a positive and

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significant influence on firm value. These findings suggest that implementing corporate governance based on the principles of transparency, accountability, responsibility, independence, and fairness strengthens investor confidence and enhances market valuation. Furthermore, the simultaneous analysis confirms that the combination of effective tax management and sound corporate governance plays a significant role in increasing firm value within the banking industry.

The findings reinforce both Agency Theory and Stakeholder Theory, emphasizing that efficient corporate management and high-quality governance mechanisms are fundamental drivers of firm value creation. From a practical perspective, the results provide valuable insights for banking management to optimize Tax Planning policies while maintaining strict compliance with tax regulations and simultaneously strengthening the implementation of Good Corporate Governance to enhance investor confidence and ensure long-term corporate sustainability.

Nevertheless, this study has several limitations. It includes only two independent variables and focuses exclusively on banking companies listed on the Indonesia Stock Exchange during the 2022–2024 period. Future research is therefore encouraged to broaden the scope by including firms from other industries, extending the observation period, and incorporating additional

explanatory variables such as profitability, leverage, firm size, capital structure, and dividend policy. Such extensions are expected to provide a more comprehensive understanding of the determinants of firm value.

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