

Corporate Tax Aggressiveness Influenced by CSR and Financial Ratios

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ABSTRACT

The purpose of this study is to investigate and analyze the relationship between corporate social responsibility, leverage, and company size and tax aggressiveness. Using the GRI-4 indicator with 91 items, the research examines corporate social responsibility as an independent variable. The debt-to-asset ratio is used to evaluate leverage, whereas the natural logarithm of total assets is utilized to evaluate the magnitude of a company. In this study, the dependent variable is tax aggressiveness, as measured by the Effective Tax Ratio (ETR). The annual reports of manufacturing companies listed on the Indonesia Stock Exchange (IDX) between 2016 and 2020 were analyzed for this study. Types of research this is quantitative research. The sample selection procedure utilized a method of purposive sampling, yielding a total sample population of 157 businesses. However, only 54 businesses fulfilled the inclusion requirements for the study. The collected data was analyzed using version 26 of the SPSS software. According to the study's findings, corporate social responsibility has a substantial effect on tax aggressiveness. The study found no positive or statistically significant effects of leverage or company size on tax aggressiveness.

Keywords: Company Size, Corporate Social Responsibility, Leverage, Manufacturing, Tax Aggressiveness.



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INTRODUCTION

A nation's taxation system generates a significant quantity of revenue. Taxes are collected in Indonesia through obligatory contributions imposed on individuals and organizations by law. The contribution of taxes to the nation's economic prosperity is crucial, allowing the government to advance national development. (T. Evi, 2016) The payment of taxes is essential for accelerating social progress and fostering collective well-being. According to Article 1, Paragraph 1 of Law

No. 6 of 1983 on General Provisions and Procedures for Taxation, taxes are mandatory contributions to the state, enforced by law, that do not provide direct benefits but are used for the prosperity of the nation (Mardiasmo, 2018) (Novaliendry et al., 2015). Most of the state's revenue comes from Indonesian taxes, which play a crucial role in infrastructure development and community welfare. As shown in Table 1, Central Statistics Agency (BPS) data for the period 2016-2020 reveals fluctuations in tax revenue.

Table 1. Realization of State Revenue 2016-2020 (Billion Rupiah)

Source of Acceptance	2016	2017	2018	2019	2020
1. Domestic Taxes	1.249.499	1.304.316	1.472.908	1.505.088	1.371.020
Income Tax	666.212	646.793	749.977	772.265	670.379
Value Added Tax and Sales Tax on Luxury Goods	412.213	480.724	537.267	531.577	507.516
Land and Building Tax	19.443	16.770	19.444	21.145	13.441
Land and Building Ha Acquisition Duty	0	1	0	0	0
Excise	143.525	153.288	159.588	172.421	172.197
Other Taxes	8.104	6.738	6.629	7.677	7.485
2. International Trade Tax	35.470	39.213	45.881	41.053	33.486
Import Duty	32.472	35.066	39.116	37.527	31.833
Export Tax	2.998	4.147	6.765	3.526	1.653
Total Tax Revenue	1.284.970	1.343.529	1.518.789	1.546.141	1.404.507

Source: (bps.go.id)

According to the provided table, the total tax revenue for the state in 2016 was Rp1,284,970 billion, which increased to Rp1,343,529 billion in 2017, further rising to Rp1,518,789 billion in 2018. In 2019, it reached Rp1,546,141 billion, and in 2020 it decreased to Rp1,404,507 billion. The tax revenue consistently increased from 2016 to 2019, but in 2020, it experienced a slight decline of 9.15 percent. This decline can be attributed to the global COVID-19 pandemic, which also affected tax revenues in Indonesia. However, in April 2021, there was a 5.51 percent increase in Indonesia's tax revenue, reaching Rp1,444,541 billion. The data from the Central Statistics Agency (BPS) demonstrates the government's efforts to boost tax revenues for the betterment of society.

The government implements measures to ensure that all taxpayers, including corporations, fulfill their tax obligations. Among these taxpayers, companies make the largest contribution to tax revenue, such as high income, corporate income tax, tax on net profits, infrastructure support and tax compliance as the amount of tax paid directly impacts the state's income. Companies with significant earnings carry the responsibility of shouldering a substantial tax burden. The concept of taxation holds different perspectives for the government and companies. While taxes serve as a source of income for the state, companies perceive them as a burden that can diminish their net profit (T. Evi and Ign. Septo, 2021). Consequently, many companies adopt aggressive tax

strategies to minimize their tax costs, which poses a challenge for the state as it results in a decline in tax revenue (Ramadani & Hartiyah, 2020).

Mustika (2017) defines tax aggressiveness as the inclination of a company to reduce the tax burden through legal means (tax avoidance), illegal means (tax evasion), or a combination of both. Generally, assessing whether companies engage in tax aggressiveness can be done by using the Effective Tax Rate (ETR) as a proxy. A low ETR indicates the presence of aggressiveness in tax management (Leksono et al., 2019). Various factors can influence tax aggressiveness, including corporate social responsibility, liquidity, profitability, leverage, company size, and others (Rahayu & Kartika, 2021).

The findings of a study conducted by Agundu and Siyanbola (2017) on prominent companies listed on the Nigerian Stock Exchange revealed a significant relationship between corporate social responsibility (CSR) and tax aggressiveness. The research emphasized the importance of companies improving their compliance with tax payment obligations. However, another study conducted by Choi and Kwon (2018) on companies in Nigeria presented contrasting results, indicating a negative relationship between CSR and tax aggressiveness. In the Republic of Indonesia, Law No. 40 of 2007, specifically Article 74, addresses the social and environmental responsibility of companies engaged in activities related to natural resources. It stipulates that such companies must fulfill social and environmental responsibilities. The implementation of corporate social responsibility within a company serves to demonstrate its commitment and accountability towards the environment and society. This encompasses the protection and advancement of community welfare while also yielding benefits for the company.

Companies that openly disclose their corporate social responsibility (CSR) initiatives experience positive outcomes as they are perceived to contribute to social and environmental causes while also avoiding the perception of merely exploiting resources (Sagala Edison et al., 2019). In essence, CSR is regarded as a crucial factor for a company's success and sustainability since a company's operations are intrinsically linked to a social contract with the community (Sagala Edison et al., 2019). When a company recognizes the significance of CSR as a fundamental aspect of its corporate activities, it also develops a heightened awareness of the importance of fulfilling tax obligations to the state..

Furthermore, leverage plays a role in reflecting the degree to which a company relies on debt for financing purposes (Sagala Edison et al., 2019). According to Herlinda and Rahmawati (2021), companies with high leverage ratios indicate that the acquisition of company assets heavily depends on debt. Such elevated debt levels can result in an interest burden, which in turn reduces the tax burden. Consequently, companies may view this as an opportunity to minimize their tax obligations, demonstrating tax aggressiveness. In order to alleviate the tax burden, companies may opt to increase their debt levels continuously (Herlinda & Rahmawati, 2021).

The size of a company also plays a significant role in influencing its tax payments, as stated by (Sagala Edison et al. 2019). The larger a company's assets and overall size, the more resources it typically possesses. This gives larger companies an advantage in effectively managing their tax obligations compared to smaller companies. Small companies often struggle to optimize their tax management due to limited access to taxation experts. Conversely, large companies can leverage their greater resources to easily handle their tax matters. Consequently, relatively larger companies have an advantage in terms of implementing tax aggressiveness strategies.

Several studies have examined the impact of Corporate Social Responsibility (CSR), Leverage, and Company Size on tax aggressiveness. The research conducted by Kurniawati (2019), Sagala Edison et al. (2019), and Putri et al. (2018) revealed that CSR has a significant negative effect on tax aggressiveness. This indicates that companies allocate CSR costs solely for the benefit of the community, without any intention to engage in tax aggressiveness by utilizing these expenses.

Conversely, other studies such as Mustika (2017) and Ramadani & Hartiyah (2020) found a positive relationship between CSR and tax aggressiveness, suggesting that CSR activities contribute to tax minimization strategies.

Additional research conducted by (Ramadani & Hartiyah 2020) and (Putri et al. 2018) explores the relationship between Leverage and tax aggressiveness. Their findings indicate that Leverage indeed has an impact on tax aggressiveness. However, the results from studies conducted by (Sagala Edison et al. 2019), (Mustika 2017), and (Setyoningrum 2019) differ, as they suggest that Leverage does not affect tax aggressiveness. In other words, a higher level of leverage does not necessarily indicate a company's inclination towards tax aggressiveness. Furthermore, (Ramadani & Hartiyah 2020) concluded that the size of a company has a positive effect on tax aggressiveness. Conversely, the studies conducted by (Sagala Edison et al. 2019) and (Mustika 2017) found no significant relationship between company size and tax aggressiveness. Company size variables refer to various metrics used to measure how big or small a company is. This research can have significant policy implications, the novelty is that if CSR is proven to have a significant impact on corporate tax aggressiveness, this could trigger changes in tax regulations or company business practices based on financial ratios. Tax aggressiveness refers to the tax practices or strategies used by companies to reduce their tax liabilities as far as possible, often through actions that are at the boundaries of legality or morality. The phenomenon that occurs is the existence of a relationship between large and small companies with a tax payment strategy that can be as efficient as possible.

THEORETICAL STUDIES

Tax Aggressiveness

Tax aggressiveness refers to the various actions undertaken by management to reduce the tax burden below the amount that the company is obligated to pay (Sagala Edison et al., 2019). It is important to note that tax aggressiveness encompasses not only non-compliance with tax regulations but also includes legitimate tax-saving strategies that align with the provisions outlined in tax laws (Salman and Heru, 2019: 269).

Ramadani & Hartiyah 2020 defined tax aggressiveness as the deliberate manipulation of a company's taxable profits through tax planning strategies. These strategies can involve both legal methods of tax avoidance and illegal practices of tax evasion. Chairil Anwar Pohan (2013: 23) further elaborates on the concept as follows:

- a. Tax avoidance refers to the legitimate and lawful actions taken by taxpayers to avoid paying excessive taxes by utilizing the weaknesses or "grey areas" within tax laws and regulations. The methods and techniques employed in tax avoidance aim to minimize the amount of tax liability without violating any existing tax provisions. This approach allows taxpayers to legally and safely reduce their tax obligations.
- b. Tax evasion involves the unlawful act of intentionally evading taxes by concealing relevant information from tax authorities. This method is considered unsafe and risky since it involves techniques that are not in accordance with existing tax laws and regulations. Engaging in tax evasion exposes individuals to the potential risk of facing legal sanctions, including being charged with fiscal criminal offenses. Therefore, it is strongly advised against employing this method.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) refers to the ethical obligation of companies to prioritize social and environmental concerns alongside their business interests. It entails demonstrating care and responsibility towards the community and the environment, while still recognizing the company's capabilities. When implementing CSR, it is crucial to consider and respect the cultural traditions of the communities in the vicinity of the business operations. CSR represents the concept that companies have a responsibility towards consumers, employees, shareholders, the community, and the environment in all facets of their operations (Budi Untung, 2014:2). Moreover, CSR is an

ongoing commitment from the business sector to act in an ethical manner and contribute to the economic development of local and wider communities (Budi Untung, 2014:3).

As stated by the World Business Council for Sustainable Development (Alex Gunawan, 2018:1), corporate social responsibility (CSR) refers to the commitment of businesses to contribute to sustainable economic development and enhance the quality of life by working alongside employees and their families, as well as the broader community. In essence, CSR encompasses various programs initiated by companies to enhance their public image. These programs can be categorized as either external or internal. External programs involve partnerships and collaborations with stakeholders to demonstrate the company's dedication to community welfare and environmental preservation. On the other hand, internal programs focus on maximizing profits and ensuring the well-being of employees (Alex Gunawan, 2018:1).

Leverage

Leverage refers to a measure of the extent to which a company relies on debt to finance its operations. When a company excessively relies on debt, it can be considered as having high leverage or being heavily indebted. In such cases, the company may face challenges as it needs to allocate resources to repay its debts. It becomes crucial for the company to carefully assess the amount of debt it takes on and determine how it can be utilized to fulfill its debt obligations (Fitri & Munandar, 2018). According to Kasmir (2017:114), leverage is a ratio used to evaluate the proportion of a company's assets financed by debt and the interest expenses incurred in relation to those assets. The leverage ratio helps gauge a company's capacity to meet its short-term and long-term obligations. Based on these definitions, it can be inferred that a high level of leverage poses financial risks for a company. When a company has significant debt, its interest expenses increase, leading to reduced profits. Consequently, the company's tax burden is also diminished due to the decline in profitability (Herlinda & Rahmawati, 2021). The Debt to Asset ratio is commonly used to measure leverage in this study, which assesses a company's ability to fulfill its long-term obligations (Sagala Edison et al., 2019).

Company Size (Size)

The size of a company is indicative of its capacity and stability in conducting economic activities. A small-sized company demonstrates its ability to operate effectively within its resources. On the other hand, a larger company signifies its strength in terms of assets, leading to the generation of substantial profits (Herlinda & Rahmawati, 2021). As mentioned by Sagala Edison et al. (2019), the size of a company can be determined using the natural logarithm of its total assets, which is considered a more reliable indicator of stability compared to other proxies. Furthermore, the size of a company also has an impact on its tax-paying behavior. Larger companies tend to exhibit a higher level of tax aggressiveness compared to smaller companies (Sagala Edison et al., 2019).

The Influence of Corporate Social Responsibility on Tax Aggressiveness

Corporate Social Responsibility (CSR) is widely recognized as a crucial factor for a company's long-term success and sustainability, even though CSR disclosure may not be mandatory in all corporate engagements. However, in Indonesia, CSR disclosure is obligatory for every company in accordance with relevant regulations (Ramadani & Hartiyah, 2020). When a company actively engages in CSR initiatives, it is expected to display a lower tendency for tax aggressiveness, thereby maintaining its positive reputation among stakeholders. It is important to note that this does not negate the positive impact of CSR activities that have been implemented.

According to a study conducted by (Mustika 2017), it was found that corporate social responsibility has a favorable impact on tax aggressiveness. Conversely, another study by (Choi and Kwon 2018) indicated that corporate social responsibility has a detrimental effect on tax aggressiveness. Considering these research findings, we can formulate the following hypotheses based on the results of the studies:

H1: Corporate Social Responsibility has a significant positive effect on Tax Aggressiveness

Leverage's Effect on Tax Aggressiveness

Leverage is a financial ratio that assesses the company's ability to finance its assets through a combination of short-term and long-term debt. It provides an opportunity for companies with high tax burdens to implement tax-saving strategies by increasing their debt levels (Putri et al., 2018). Leverage reflects the utilization of debt to fulfill operational requirements and facilitate investments. As the leverage value increases, the tax burden borne by the company tends to decrease (Mustika, 2017). Companies with a high level of leverage heavily rely on external loans to finance their assets (Ramadani & Hartiyah, 2020). The research conducted by (Ramadani and Hartiyah 2020) suggests that leverage has a positive impact on tax aggressiveness, while another study by (Herlinda and Rahmawati 2021) indicates that leverage has a negative influence on tax aggressiveness. Based on these research findings, we can propose the following hypotheses:

H2: Leverage has a significant positive effect on Pajak Aggressiveness

Effect of Company Size on Tax Aggressiveness

The scale of a company is determined by its size and magnitude, representing its various operations and profitability. The size of a company indicates its capacity and stability in generating profits, implying that larger companies tend to yield higher net incomes (Cahyadi et al., 2020). Setyoningrum (2019) affirmed that as a company grows in size, it engages in a greater number of activities, resulting in increased profitability and a significant tax burden. In a research study conducted by (Ramadani & Hartiyah 2020), it was discovered that the size of a company has a positive impact on tax aggressiveness. Based on these findings, we can propose the following hypotheses:

H3: Company Size has a significant positive effect on Tax Aggressiveness

METHODS

Research Design

This study employs a quantitative research approach, which involves numerical data and statistical analysis. The quantitative method is rooted in positivism philosophy and is commonly used to investigate specific populations or samples. Data collection is carried out using research instruments, and the analysis focuses on quantitative or statistical data to test the formulated hypotheses (Sugiyono, 2019: 17). The data for this research was obtained from the Indonesia Stock Exchange (IDX), primarily utilizing the company's financial data as a basis for analysis.

Analysis Unit

The unit of analysis refers to the specific object or entity that researchers focus on studying in greater depth. In this research, the unit of analysis is the manufacturing companies listed on the Indonesia Stock Exchange (IDX) that possess comprehensive annual financial reports (annual reports) covering the period from 2017 to 2020. The researchers will delve into the details of these selected manufacturing companies to conduct their analysis and investigation.

Variable Operations

Variable operations refer to the relationships and interactions between different variables. They are utilized to provide an understanding of the variables under analysis and facilitate their measurement. In this study, there are three independent variables, also known as free variables: Corporate Social Responsibility (X1), Leverage (X2), and Company Size (X3). The dependent variable, also known as the bound variable, is Tax Aggressiveness (Y). The following section provides an operational explanation of each research variable, detailing how they will be measured and analyzed.

Population and Sample Engineering

For this study, the researcher focused on examining manufacturing companies in the consumer goods sector that were listed on the Indonesia Stock Exchange (IDX) between 2016 and 2020. The

sampling method employed was purposive sampling, which involved selecting companies based on predetermined criteria. Criteria for sample companies listed in financial reports Annual reports of manufacturing companies listed on the Indonesia Stock Exchange (BEI) between 2016 and 2020, companies that have always been profitable for 5 years and currency in rupiah. The initial population consisted of 42 registered companies within the given period. After applying the selection criteria, a total of 14 companies were chosen as the sample, representing a five-year period. As a result, the study utilized a sample size of 70 observations.

The data utilized for analysis, aiming to address the research questions and test the hypotheses, consisted of secondary data obtained from the official website of the Indonesia Stock Exchange (IDX). This secondary data primarily comprised financial statements and annual reports of the selected companies. Additionally, to determine the indicators of Corporate Social Responsibility (CSR), information was gathered from the global reporting website.

Data Types and Sources

This study employed quantitative data, aiming to test hypotheses and examine the impact of corporate social responsibility, leverage, and company size on tax aggressiveness. The data source utilized in this study was secondary data, which is obtained indirectly through intermediaries or documents (Sugiyono, 2019:194). The data was collected from the official website of the Indonesia Stock Exchange (IDX) at www.idx.co.id. Specifically, the data consisted of financial statements and annual reports spanning the period from 2017 to 2020.

The research methodology employed in this study involved the use of IBM SPSS application version 26 for data analysis. The data utilized in the analysis were derived from financial statements and annual reports of companies listed on the Indonesia Stock Exchange (IDX) during the period from 2017 to 2020. To test the hypotheses in this study, multiple linear regression analysis was conducted.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Descriptive statistical analysis is conducted to provide an overview of the data by examining various statistical measures such as the minimum, maximum, average (mean), and standard deviation values. The findings from the descriptive statistical analysis are presented in the following table, which showcases these measures:

Table 2. Descriptive Statistical Analysis Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	70	,07	,55	,2983	,12713
LEVERAGE	70	,14	,76	,3813	,18307
SIZE	70	25,80	32,27	29,6483	1,60716
ETR	70	,19	,32	,2490	,02266
Valid N (listwise)	70				

Source : data processed

Table 2 presents the results of descriptive statistical analysis, which provides insights into the data of each variable based on the sample size of 70 companies included in the study. The descriptive statistical analysis results are explained in detail below:

1. The Corporate Social Responsibility (CSR) variable (X1) exhibits a minimum value of 0.07, observed in PT Siantar Top Tbk for the years 2016, 2017, and 2018. On the other hand, the maximum value of 0.55 is recorded for the company Multi Bintang Indonesia Tbk. The

average value obtained is 0.2983, with a standard deviation of 0.12713. These results indicate that the average value exceeds the standard deviation, suggesting that the CSR variable data is satisfactory and follows a normal distribution.

2. The Leverage variable (X2) displays a minimum value of 0.14, observed in PT. Ultra Jaya Milk Industry Tbk for the years 2018 and 2019. Conversely, the maximum value of 0.76 is recorded for Unilever Indonesia. The average value obtained is 0.3813, with a standard deviation of 0.18307. These findings indicate that the average value surpasses the standard deviation, indicating that the leverage variable data is reliable and follows a normal distribution.
3. The company size variable (X3) exhibits a minimum value of 25.80, derived from Pyridam Farma Tbk in 2017. Conversely, the maximum value of 32.27 is attributed to Indofood Company CBP Sukses Makmur Tbk in 2020. The average value obtained is 29.6483, with a standard deviation of 1.60716. These outcomes suggest that the average value surpasses the standard deviation, indicating that the data for the company size variable is sound and follows a normal distribution.
4. The Tax Aggressiveness variable (Y) obtains a minimum value of 0.19, recorded in PT Siantar Top Tbk in 2020. Conversely, the maximum value of 0.32 is associated with Indofood Company CBP Sukses Makmur Tbk in 2017. The average value obtained is 0.2490, with a standard deviation of 0.02266. These findings demonstrate that the average value surpasses the standard deviation, indicating that the data for the tax aggressiveness variable is reliable and follows a normal distribution.

Classic Assumption Test

The purpose of conducting the classical assumption test is to ensure accurate and reliable results in the regression model used and meet the criteria for the Best Linear Unbiased Estimator. In this study, four tests were conducted to assess the classical assumptions: the normality test, multicollinearity test, autocorrelation test, and heteroskedasticity test. The following are the results of these tests:

a. Normality Test

The normality test is employed to determine whether the collected data follows a normal distribution. In this study, the One Sample Kolmogorov-Smirnov test was used to examine the distribution of the data. By assessing the Asymp Sig value, if it exceeds 0.05, it can be concluded that the data is normally distributed. Conversely, if the Asymp Sig value is below 0.05, it indicates that the data does not follow a normal distribution. It is desirable for the data to be normally distributed as it ensures a good representation of the data's characteristics.

Table 3. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		70
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,02166582
Most Extreme Differences	Absolute	,104
	Positive	,093
	Negative	-,104
Test Statistic		,104
Asymp. Sig. (2-tailed)		,059 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

The outcomes of the normality test displayed in table 3 indicate a significance level of 0.059 for all variables. Therefore, it can be inferred that the residuals in this regression model follow a normal distribution since the p-value is greater than 0.05, which is the threshold for significance.

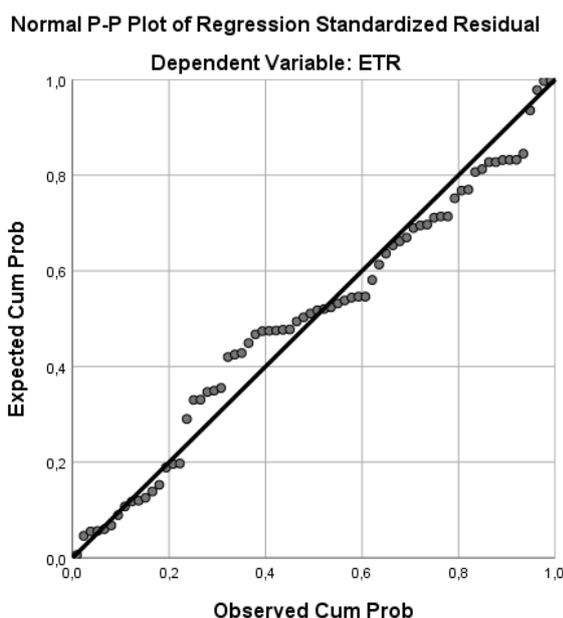


Figure 1. P-Plot Chart Normality Test Results

Source : data processed

The p-plot graph depicted above demonstrates that the data aligns closely with a diagonal line, indicating that the residuals are distributed normally and adhere to the expected pattern.

b. Multicollinearity Test

The purpose of conducting the multicollinearity test is to identify any correlations among the independent variables in the regression model. The outcomes of the multicollinearity test are presented in the following table for examination:

Table 4. Multicollinearity Test Results

Type	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
CSR	,840	1,190
LEVERAGE	,895	1,118
SIZE	,906	1,103

a. Dependent Variable: ETR

Source : data processed

The results presented in Table 4 indicate that the variables under analysis, namely corporate social responsibility, leverage, and company size, exhibit tolerance values greater than 0.10, with corresponding VIF values lower than 10. Specifically, corporate social responsibility has a tolerance value of 0.840 and a VIF value of 1.190, leverage has a tolerance value of 0.840 and

a VIF value of 1.190, leverage has a tolerance value of 1.190 and a VIF value of 1.118, and company size has a tolerance value of 0.906 and a VIF value of 1.103. These findings suggest that there is no significant multicollinearity present among the independent variables in the regression model.

c. Autocorrelation Test

The purpose of the autocorrelation test is to determine whether there is a correlation between the variables in the regression model and their temporal changes. In this study, the Durbin-Watson (DW) test was employed. According to the criteria, a DW value below -2 indicates positive autocorrelation, a DW value between -2 and +2 suggests no autocorrelation, and a DW value above +2 signifies negative autocorrelation. The results of the autocorrelation test are presented in the table below.

Table 5. Autocorrelation Test Results

Summary Model					
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,293a	,086	,044	,02215	1,293

a. Predictors: (Constant), SIZE, LEVERAGE, CSR
b. Dependent Variable: ETR

Source: data processed

According to the results of the autocorrelation test shown in table 5, the Durbin-Watson (DW) value is 1.293. Based on the previously described criteria for determining the presence or absence of autocorrelation issues, it can be concluded that there is no autocorrelation problem in this study. This is because the DW value falls within the range of -2 to +2 ($-2 < 1.293 < +2$).

d. Heteroskedasticity Test

The purpose of the heteroskedasticity test is to determine whether there is unequal variance among residuals in a regression model across different observations. The test results for heteroskedasticity are presented in the form of scatterplot graphs.

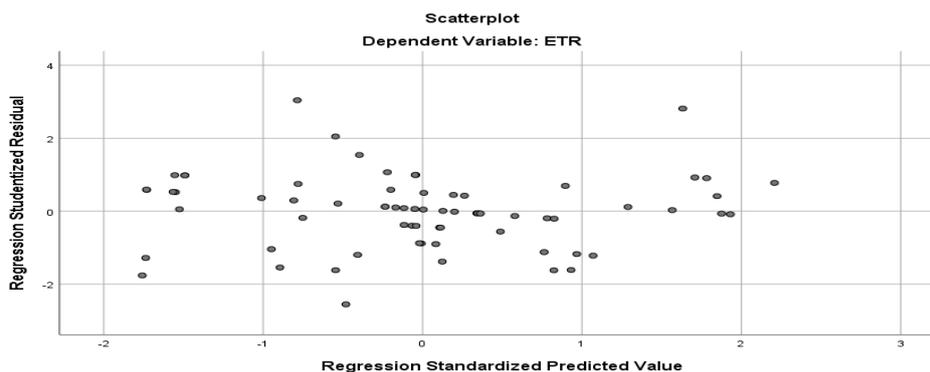


Figure 2. Heteroskedasticity Test Results

Source : data processed

Based on the scatterplot chart provided above, it is evident that the data points are widely scattered, and there is no discernible pattern or trend. Therefore, it can be concluded that there is no presence of heteroskedasticity in the data.

Multiple Linear Regression Analysis

The purpose of conducting multiple linear regression analysis is to examine the relationships between corporate social responsibility, leverage, company size, and the dependent variable, which is tax aggressiveness. The following presents the outcomes of the multiple linear regression analysis conducted in this study:

Table 6. Multiple Linear Regression Test Results

	Type	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,264	,050		5,278	,000
	CSR	,055	,023	,311	2,419	,018
	LEVERAGE	-,002	,015	-,017	-,135	,893
	SIZE	-,001	,002	-,074	-,595	,554

a. Dependent Variable: ETR

Source : data processed

From the findings presented in Table 6, the relationship between the independent variables and the dependent variable can be expressed through the formulation of regression equations as follows:

$$AP = 0.264 + 0.055CSR - 0.002Lev - 0.001Size$$

From the above equation can be described as follows:

1. The intercept value is 0.264, indicating that when all independent variables (CSR, leverage, and company size) are set to zero, the tax aggressiveness will be 0.264.
2. The regression coefficient for CSR (X1) is 0.055, indicating that a 1% increase in the CSR variable will result in a 0.055 increase in tax aggressiveness.
3. The regression coefficient for leverage (X2) is -0.002, indicating that a 1% increase in the leverage variable will lead to a 0.002 decrease in tax aggressiveness.
4. The regression coefficient for company size (X3) is -0.001, meaning that a 1% increase in the company size variable will result in a 0.001 decrease in tax aggressiveness.

Hypothesis Test

a. Determination Coefficient Test (R²)

The coefficient of determination test is employed to assess the extent to which an independent variable can explain the variation in the dependent variable. The outcomes of the coefficient of determination test are presented in the following table:

Table 7. Determination Coefficient Test Result (R²)

Summary ^b Model				
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,293a	,086	,044	,02215

a. Predictors: (Constant), SIZE, LEVERAGE, CSR

b. Dependent Variable: ETR

Source : data processed

Based on the aforementioned outcomes, it can be inferred that the coefficient of determination or Adjusted R Square value obtained is 0.044 or 4.4%. This indicates that the independent variables have a mere 4.4% ability to explain the variation in the dependent variable. The remaining 95.6% of the variation is attributed to other variables not examined in this study.

b. T Test (Partial)

The purpose of the t (partial) test is to determine the extent of the individual influence of the independent variables on the dependent variable. This is assessed by examining the significance level of the t-value. If the significant t-value is less than 0.05, the null hypothesis (Ho) is rejected, and the alternative hypothesis (Ha) is accepted. Conversely, if the significant t-value is greater than 0.05, the null hypothesis (Ho) is accepted, and the alternative hypothesis (Ha) is rejected. The results of the t (partial) test are presented in the following table:

Table 8. Test Result T (Partial)

Coefficients ^a					
Type	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	,264	,050		5,278	,000
CSR	,055	,023	,311	2,419	,018
LEVERAGE	-,002	,015	-,017	-,135	,893
SIZE	-,001	,002	-,074	-,595	,554

a. Dependent Variable: ETR

Source : data processed

Based on the findings from the t (partial) test presented in table 4.9, the following is an interpretation of the results:

1. The t-test analysis for the corporate social responsibility variable (X1) yielded a calculated t-value of 2.419, which is greater than the table t-value of 1.996. Additionally, the significance value of 0.018 is less than the threshold of 0.05. These results indicate a significant influence between corporate social responsibility and tax aggressiveness.
2. The t-test analysis for the leverage variable (X2) resulted in a calculated t-value of -0.135, which is smaller than the table t-value of 1.996. Moreover, the significance value of 0.893 is greater than 0.05. These findings suggest that there is no significant influence between leverage and tax aggressiveness.
3. The t-test analysis for the company size variable (X3) showed a calculated t-value of -0.595, which is lower than the table t-value of 1.996. Furthermore, the significance value of 0.554 is greater than 0.05. Consequently, it can be concluded that there is no significant influence between the size of the company and tax aggressiveness.

Interpretation of results based on the table data from the processed data above

The Influence of Corporate Social Responsibility on Tax Aggressiveness

Corporate Social Responsibility (CSR) is widely recognized as a crucial factor for a company's long-term success and sustainability, even though CSR disclosure may not be mandatory in all corporate engagements. CSR disclosure is obligatory for every company in accordance with relevant regulations (Ramadani & Hartiyah, 2020). Based on the conducted t-test, corporate social responsibility yielded a significance value of 0.018, which is less than the predetermined threshold of 0.05. Additionally, the calculated t-value of 2.419 is greater than the critical t-value of 1.996. These findings indicate that corporate social responsibility has a significant positive effect on tax aggressiveness. The results suggest that when a company invests a substantial amount in corporate social responsibility activities, it can lead to a reduction in taxable income. This is due to the costs incurred by the company in implementing these initiatives. Consequently, higher levels of corporate social responsibility are associated with increased tax aggressiveness actions undertaken by the company.

Leverage's Effect on Tax Aggressiveness

Leverage is a financial ratio that assesses the company's ability to finance its assets through a combination of short-term and long-term debt. It provides an opportunity for companies with high tax burdens to implement tax-saving strategies by increasing their debt levels (Putri et al., 2018). Based on the conducted t-test, the leverage variable yielded a significance value of 0.893, which is greater than the predetermined threshold of 0.05. Moreover, the calculated t-value of -0.135 is less than the critical t-value of 1.996. These findings indicate that leverage does not have a significant effect on tax aggressiveness. It can be inferred that companies with high levels of debt do not necessarily engage in tax aggressiveness. Instead, it is possible that these companies utilize their debt to fulfill operational and investment requirements, thereby generating additional income from sources outside their core business. As a result, their profits increase, leading to a higher tax burden.

Effect of Company Size on Tax Aggressiveness

The size of a company indicates its capacity and stability in generating profits, implying that larger companies tend to yield higher net incomes (Cahyadi et al., 2020). Setyoningrum (2019) affirmed that as a company grows in size, Based on the conducted t-test, the company's size yielded a significance value of 0.554, which is greater than the predetermined threshold of 0.05. Furthermore, the calculated t-value of -0.595 is smaller than the critical t-value of 1.996. These findings suggest that the size of the company does not have a significant effect on tax aggressiveness. The size of a company does not appear to be correlated with tax aggressiveness. This is due to the fact that the size of a company is reflected in its financial statements, making it more likely to draw government attention. As a result, manipulating tax payments becomes increasingly challenging for larger companies. On the other hand, smaller companies lack the necessary resources to effectively manage their taxes, making it less likely for them to engage in tax evasion or manipulation.

CONCLUSION

Corporate social responsibility has a significant positive impact on tax aggressiveness. A company implements an extensive corporate social responsibility program, it incurs substantial costs that reduce the income subject to corporate income tax. Consequently, higher levels of corporate social responsibility lead to increased tax aggressiveness as companies strive to manage their tax liabilities. However, partial leverage does not exert any significant influence on tax aggressiveness. Companies with significant debt obligations cannot be regarded as engaging in tax aggressive behaviors. It is possible that these companies employ their debt to fulfill operational and investment requirements. Similarly, the size of the company also does not have a significant impact on tax aggressiveness. The size of a company is reflected in its financial statements and larger companies attract greater attention from government authorities. As a result, it becomes more difficult for them to manipulate or evade taxes. On the other hand, smaller companies often lack the resources and capabilities to optimize their tax planning, making them less likely to engage in tax aggressive actions. The benefits of this research can help in understanding the complex relationship between Corporate Social Responsibility (CSR), financial ratios, and corporate tax aggressiveness. This can provide further insight into how these factors interact in corporate decision making.

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