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The Effect of Good Corporate Governance, CSR, Firm Size, Leverage, and ROA on Tax Avoidance Listed on The IDX For The 2017-2021 Period

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Abstract

This study aims to analyze the effect of corporate governance, CSR, firm size, leverage, and ROA on tax avoidance listed on the Indonesia Stock Exchange (IDX) for the period 2017-2021. The independent variables of this research are tax avoidance, CSR, GCG-BOD Independence, GCG-Institutional Ownership, and GCG-Ownership Concentration. With control variables in the form of firm size, leverage, and return on assets.

The study used samples from non-financial companies that have annual reports and complete financial reports from 2017-2021, namely 1.713 data from 421 companies listed on Indonesia Stock Exchange (IDX). The collection sample in these studies used a purposive sampling method. The data studied is the company's annual financial statements that have been audited and Corporate Social Responsibility annual reports. Data were analyzed using logistic regression analysis, where some of the variables is a dummy variable.

The test results shown that GCG-BOD Independence, GCG-Institutional Ownership, firm size, and leverage have a significant effect on tax avoidance. CSR, GCG-Ownership Concentration, and ROA doesn't have a significant effect on tax avoidance. This is shown because the larger size of the company, the more transactions will be carried out. The company's operating income or profit will also shrink (lower) when the market tax is reduced.

Keywords:

Tax Avoidance, Corporate Governance, CSR

Introduction

Taxes are defined as an important source of funding for the Indonesian economy (Chandra & Cintya, 2021). The government uses tax funds to implement its programs with the aim of increasing economic growth through the development of infrastructure, public assets and other public facilities. From a social perspective, tax payments are used to finance public facilities or assets (Lanis and Richardson, 2012). Basically, the Indonesian economy will not be separated from the role of taxation in it, because taxation makes a large contribution to the state. A citizen who is obliged to pay taxes is someone who has met the objective and subjective

requirements. The types consist of personal taxes and indirect taxes. The calculation of the taxpayer is calculated from the amount of work income of the taxpayers.

In accordance with Law Number 16 of 2009 regarding General Provisions and Procedures for Taxation according to Article 1 Paragraph 1 reveals that taxes can be explained as an obligation imposed on the state by individuals or groups, required by law without reward, and used for state needs (Diantari and Ulupui, 2016). The law also stipulates that taxpayers (corporate and private) pay taxes in accordance with the provisions of the tax regulations.

Tax management is one of the most important things in managing the finances of a business. However, there are also many taxpayers who do not comply with tax laws due to tax rates that are too high and then choose to avoid taxes. There are several schemes or strategies implemented by companies to reduce the taxes imposed. The strategies undertaken include tax avoidance, which is a legal initiative to reduce tax obligations by following applicable regulations (Harventy, 2017).

Tax evasion has become a common problem in almost all countries, especially in cross-border business transactions of companies with special relationships. This can happen because there are no clear rules regarding a regime or transaction. These tax avoidance actions can have a negative impact on public trust and give a bad image to the company.

To reduce tax avoidance, several companies implement good corporate governance (GCG) and corporate social responsibility (CSR). Both are considered as companies to maintain their reputation in the eyes of the public and are one of the factors that can influence tax evasion. Both can also be a tool to avoid losses due to tax evasion.:

Literature Review

Tax Avoidance Theory

Tax avoidance is generally defined as explicit tax reduction (Hanlon & Heitzman, 2010). Tax avoidance or aggression includes tax planning activities and illegal activities in legal areas. Thus, tax aggressiveness does not necessarily mean that the company has done something inappropriate. Tax management, tax planning, tax avoidance or tax protection are defined as taxpayers who exploit uncertainties in tax laws to choose favorable methods of tax reporting that affect their taxes (Tang and Firth, 2011).

Traditionally, corporate tax avoidance was believed to be a transfer of capital from government to companies and should add value to companies. Inter-agency conflicts can undermine aggressive tax treatment. Problems with agents can occur when the interests of the agents differ and the principal exhibits aggressive tax avoidance behavior. This situation occurs because management wants to increase profits and increase restitution, while other shareholders want to reduce profits and reduce tax costs.

Tax evasion is not prohibited by tax regulations, although it often gets unfavorable attention because it is considered to have a negative connotation or is considered less nationalist. Tax avoidance by company management is done to minimize company tax liability. Millions of taxpayers use some form of tax evasion, which includes eliminating infant tax credits, investing in retirement accounts, or eliminating loan tax deductions. For example, are any tax deductions and tax credits required in the US Tax Code through the U.S.

Theory of Good Corporate Governance (GCG)

Good corporate governance (GCG), which is a form of organizational monitoring and control by balancing the needs of various stakeholders (Pohan, 2019; Chandra & Junita, 2021; Yopie & Erika, 2021). This always includes resolving conflicts of interest between different stakeholders and ensuring that the organization is properly managed, and that processes, procedures and policies are implemented according to the principles of transparency and accountability.

Good GCG is defined as a system and structure that manages the relationship between management and owners, both those who have majority and minority shares in a company. GCG aims to protect investors from differences in the interests of shareholders (principals) and management (agents). Good GCG problems occur because of the separation of business ownership and control. The board of commissioners acts as an agent within the company authorized to manage the company and make decisions on behalf of the owner, but agents have different interests as shareholders.

Theory of Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is defined as an activity that can create relationships with the community (public relations), through the implementation of CSR where companies can provide benefits in the form of a good reputation, increase the profits of a company caused by consumer and investor trust (Kamaludin, 2010; Yopie & Robin, 2023; Anita & Amalia, 2021; Wati & Malik, 2021). CSR can provide many benefits not only for companies but also for society.

Corporate social responsibility (CSR) was first cited by (Alhaddi, 2015) with the launch of The Triple Bottom Line, which revealed that companies that want to be sustainable do not only pay attention to profits but must also be able to contribute to society (people) and the environment (planet). In this study the economic, social and environmental lines refer to benefits, people and the planet, respectively.

The World Business Council for Sustainability Development describes Corporate Social Responsibility (CSR) as a continuous effort by business groups to practice ethical behavior and contribute to economic development and creating societal welfare. Corporate Social Responsibility (CSR) is also related to ethical issues and ethical behavior of managers in decision making such as environmental control, occupational health and protection, human resource management, relationships with suppliers and consumers, and interactions with society. Therefore, companies that are responsible for carrying out social activities that not only increase stakeholder satisfaction but can also improve the company's reputation. (Dewi and Gunawan, 2019) outlines the benefits that the company gets when implementing CSR, including improving the company's reputation, reducing the company's business risks, winning in competition, and increasing company innovation.

The company is required to be accountable for all its actions to stakeholders. CSR is a manifestation of the company's commitment to act ethically, to participate and foster the quality of life and society. Companies that carry out CSR will incur costs in the form of CSR activities.

In this field, corporate governance and CSR are interrelated terms that define interactions between organizations and the internal and external socio-political environment, both of which are sustainable in a globalized business environment (Van den Berghe and Louche, 2005). (Lanis and Richardson, 2012) revealed that corporate social investment initiatives are an important element of CSR activities that have an adverse effect on tax evasion.

Hypothesis Development

The Effect of Corporate Social Responsibility (CSR) on Tax Avoidance

Companies are duly responsible for all their activities for stakeholders. Corporate Social Responsibility (CSR) is defined as a form of company involvement, acting ethically and contributing to the economy, improving and developing the quality of life of employees and society. Companies that break away from CSR will definitely pay for CSR activities. Through the costs incurred, it can reduce the profitability of the company. To maintain or optimize company profits, efforts are made to reduce the tax burden issued by companies through the implementation of tax avoidance. Based on a survey conducted (Mcclure *et al.*, 2017) concluded that CSR has a significant effect on tax evasion.

H1 - CSR has no significant effect on tax avoidance

Effect of BOD Independence on Tax Avoidance

The board of directors (Board of Directors) is an institution for advising and monitoring, but early work indicated that directors could not properly hold shareholder wealth (Parkinson, 2017). A minimal number of directors will result in better performance, and vice versa, that is, if a large board proportion will have a negative impact on company performance (Halioui, Neifar and Abdelaziz, 2016).

According to agency theory, agents always have interests that are different from those of owner agents. Research conducted by (Armstrong *et al.*, 2015) previously argued that tax evasion and directors have a positive influence where the board makes use of the knowledge they have about the firm. (Minnick and Noga, 2010) revealed that the smaller the number of directors in a company, the greater the possibility of tax evasion. So indirectly the number of directors in the company can determine the level of tax avoidance itself.

H2 – The Board of Directors has a significant positive effect on tax avoidance

Effect of Institutional Ownership on Tax Avoidance

Institutional ownership is part of the shares of the founding organization of the company and not the public owner which is measured as a percentage of the number of shares owned by internal institutional investors (Sujoko, 2006). Share ownership formed by parties in the form of institutions, for example banks, insurance companies, investment companies, and other institutional ownership. Companies that have institutional ownership are able to encourage improvement in order to maximize the effectiveness of management performance.

The greater the institutional ownership, the greater the voice power and institutional motivation to oversee governance, and this will further influence company performance and generate more profits. Institutional investors will also try to do positive things to increase the value of their company. The greater the share ownership of institutional investors, the cost of debt will also decrease in reducing agency problems, so that the opportunity to practice tax avoidance will also decrease. So it can be concluded that good corporate governance - Institutional Ownership has a significant negative effect on tax avoidance.

H3 - GCG - Institutional Ownership has a significant negative effect on tax avoidance

Effect of Ownership Concentration on Tax Avoidance

Ownership concentration can also be referred to as internal control. Ownership concentration is a monitoring mechanism that aims to ensure that the financial statements are free from material misstatement (Skaife *et al.*, 2018). In the context of tax avoidance, Ownership concentration is the most effective in mitigating management errors when making assessments and estimating corporate tax policies. Ownership concentration also ensures that management does not violate applicable laws and regulations, including tax regulations (Rae, Sands and Subramaniam, 2017).

Another purpose of the Ownership concentration is to protect the company's assets. Previous research has shown that Ownership concentration influences management behavior and reduces management's opportunistic behavior in tax avoidance (Gleason, Pincus and Rego, 2017). Effective ownership concentration aims to ensure effective tax planning and support the achievement of company goals.

Tax planning is a decision that requires estimates and management considerations (Gleason, Pincus and Rego, 2017). A strong understanding of tax regulations and the quality of information support is needed to ensure that there are no significant mistakes in planning because if there is a wrong decision it will result in losses for the company. Tax planning is heavily influenced by management behavior, such as discretion and manipulation. Companies with significant book-tax differences tend to manipulate, while companies with inadequate ownership concentration can reduce tax evasion. (Gleason, Pincus and Rego, 2017) found that adequate ownership concentration can reduce tax evasion.

H4 – Ownership concentration has a significant negative effect on tax avoidance

Effect of Firm Size on Tax Avoidance

Firm size is defined as a standard or value that can classify a company into large or small categories based on total assets, log size, and so on. (Sunarsih, Yahya and Haryono, 2019) explains that in positive accounting theory, it can be said that companies that are classified as large and honest tend to have high accounting policies. The greater the total assets, the larger the company size. The bigger the size of the business, the more transactions will be made. The company's operating income or profit will also shrink (lower) when market taxes decrease.

Classification of company size is regulated in POJK Number 53 of 2017. Small and medium sized companies have total assets (total assets) of not more than IDR 250,000,000,000. Large companies have greater power over the reduction of the effective tax rate, so they tend to practice tax avoidance (Al., 2016). The complexity of

transactions carried out by companies can create alienation for companies to avoid taxes by negotiating with companies that have tax havens so that companies do not have to pay taxes (Wiratmoko, 2018).

H5: Firm size has a significant effect on tax avoidance

Effect of Leverage on Tax Avoidance

Interest paid (from the use of debt) can serve to reduce taxes. Companies without debt spending must pay more taxes than companies with debt spending. Thus, it can be said that companies that determine debt will receive tax savings that can realize profits for the company.

Interest expense that can be deducted from taxable income is the incurrence of interest costs on loans granted to third parties or companies that are not related to business (Noviani, 2018). The high leverage value on the DER project indicates that the company has a high level of debt capital. The high level of debt in the company creates a constant burden on the company, namely interest expense. Higher interest rates can reduce the tax burden on companies.

So that companies that have a high tax burden will decide to commit to that party except for adding equity to minimize the tax burden. The results of this DER test are in the relevant direction, the higher the MED value, the higher the possibility of corporate tax evasion activities in the food and beverage industry that are listed on the Indonesia Stock Exchange. It can be concluded that leverage has a significant effect on tax avoidance (Suyanto, 2012).

H6: Leverage has a significant effect on tax avoidance

Effect of ROA on Tax Avoidance

ROA is defined as a ratio that shows the ability of a company to use its wealth for its benefit (Puspita and Febrianti, 2017). It can also be said to evaluate the profitability of the company's assets. The higher the ROA ratio, the better the company's ability, the better the assets used to generate profits. This will increase the total assets using the company's asset depreciation. This also causes a significant reduction in taxable income. So that ROA has a significant influence on tax avoidance.

H7: ROA has a significant effect on tax avoidance

Research Methods

In this study, researchers used a scientific research design in systematic sections, which is the term for the quantitative method, namely the method of using research data in numerical form as a test tool to investigate the relationship between independent and dependent variables. The data tested in this study used secondary data where the data was collected indirectly by the sources cited.

Researchers took research data from financial reports for a year listed on the Indonesia Stock Exchange (IDX) from 2018 to 2020. The basis for selecting a sample of company data taken for this research has the following criteria:

1. Companies listed on the Indonesia Stock Exchange from 2017 to 2021.
2. Financial statements that have been audited by the company from 2017 to 2021.
3. Financial reports that have complete data to calculate the value of the variables Good Corporate Governance, CSR, Effective Tax Rate, Leverage, ROA, and company size.

The data collection time methods used in this study were cross sectional and time series. Data testing was carried out using the SPSS application version 25.

The sample of this study are companies listed on the IDX (Indonesian Stock Exchange) between 2017 and 2021. The research sample was collected non-randomly using a purposive sampling method and collecting information using considerations or criteria that are appropriate to the research problem. The criteria for selecting the research sample are as follows:

1. Companies listed on the Indonesia Stock Exchange from 2017 to 2021.
2. Financial statements that have been audited by the company from 2017 to 2021.
3. Financial reports that have complete data to calculate the value of the variables Good Corporate Governance, CSR, Effective Tax Rate, Leverage, ROA, and company size.

Dependent Variable

Tax avoidance can be measured through the effective tax rate (ETR). ETR is defined as the ratio of total pre-tax costs to a given company. The effective tax rate indicates the amount of tax a company carries. A small effective tax rate indicates that companies are involved in tax avoidance practices (Dang and Tran, 2021). ETR measurements are as follows.

$$ETR = \frac{\text{Tax Expense}}{\text{Pretax Income}}$$

Independent Variable

Corporate Social Responsibility

(Lanis and Richardson, 2012) stated that Corporate Social Responsibility (CSR) is a responsible behavior towards the surrounding environment in order to improve the quality of life in the surrounding community. CSR measurement is calculated using several indicators that are disclosed through the Global Reporting Initiative (GRI), namely:

1. Environment
2. Economy
3. Society

Meanwhile, CSR measurement can use the following formula:

$$CSRI_j = \frac{\text{Nilai 1 jika diungkapkan; Nilai 0 jika tidak diungkapkan}}{\text{Jumlah item untuk perusahaan}}$$

Good Corporate Governance

(Sutedi, 2017) revealed that corporate governance is a method and structure used by the corporate structure in order to be able to recognize stockholder value in the long term while taking into account the interests of stakeholders, based on laws and regulations, and ethical values. Companies that have a good corporate governance structure will be balanced against company compliance in fulfilling their tax obligations (Wiratmoko, 2018). The values used in the formulation of the corporate governance score are 0 and 1. Corporate governance has several mechanisms, namely:

1. Board of Directors Independence
2. Institutional ownership
3. Ownership concentration

GCG – BOD Independence

Independent directors have an important role in reducing managerial opportunism, because the effective control of the company is a management policy. It was found that high

presence of independent directors on the board has a significant effect on reducing the rate of corporate tax evasion. The independence variable that is often used is the number of independent directors and the number of directors on the board.

$$\text{BOD Independence} = \text{Total BOD} / \text{Number of members of the board of directors of the company} \times 100\%$$

GCG – Institutional Ownership

Institutional ownership can be defined as share ownership by other institutions by other companies. Institutional Ownership plays a role in improving business and company performance due to overseas experience and multidisciplinary expertise. Previous research stated that companies have a high long-term level. Institutional ownership can be measured by the percentage owned by institutional investors in the company's capital share.

$$\text{IO} = \text{Institutional Share Capital} / \text{Total Share} \times 100\%$$

GCG – Ownership concentration

Ownership concentration is defined as one of the agency constraints whose solution is between managers and stockholders. However, corporations have created another type of conflict of interest between minority and controlling shareholders, a kind of managerial action during decision making. Ownership concentration can be measured by the cumulative percentage of shares owned by shareholders who hold more than 5% of the share capital.

$$\text{Ownership concentration} = (\text{Average individual shareholding}) / (\text{Total Share}) \times 100\%$$

Control Variables

Firm size

(Wiratmoko, 2018) explains the notion of company size as a scale that companies can group into large or small categories based on total assets and log size. The more total assets, the larger the corporate scale. The bigger the agency size, the more transactions it can complete. Firm size can be measured using the following formula (Kasmir, 2017):

$$\text{Size} = \text{LN} (\text{total asset})$$

Leverage

(Luh and Puspita, 2017) states that leverage is the ratio used to measure company assets financed by long-term debt. Leverage is measured as the ratio of total long-term debt to total assets. Leverage is measured in the following formula (Dang and Tran, 2017).

$$\text{LEV} = \text{Long Term Liabilities} / \text{Asset}$$

Return on Assets

Return On Assets (ROA), namely the ratio between net income divided by total assets (Jerry, Decker and Decker, no date). This ratio also measures the overall efficiency of a business in every available asset used to generate profit. The formula for Return on Assets is as follows (Jerry, Decker and Decker, no date).

$$\text{ROA} = \text{Net Profit} / \text{Total Asset} \times 100\%$$

Results and Discussion

Researchers took data in the form of financial reports for the period 2017-2021 as a sample research object. The sample in this study is a company listed on the Indonesia Stock Exchange. Researchers prove the results of the hypothesis by using SPSS. The following table shows the entire sample used as research data:

Tabel 1 Rincian sampel penelitian

Keterangan	Jumlah
Perusahaan yang terdaftar di Bursa Efek Indonesia	512 companies
Perusahaan yang tidak memenuhi kriteria	(91) companies
Perusahaan yang dijadikan sebagai sampel	421 companies
Data penelitian (Tahun 2017-2020)	1683 companies
Data penelitian tahun 2021	137 companies
Jumlah data penelitian keseluruhan	1820 data
Data <i>outlier</i>	<u>(107)</u> data
Data observasi	1713 data

In table 1, it is shown that as many as 512 companies are listed on the Indonesia Stock Exchange. However, there were 91 companies that did not meet the criteria because they did not meet the research data and incomplete financial reports, so these companies could not be sampled. There were 421 companies that were used as research samples after sampling by researchers. The year the researchers took was for 5 years, of which 1683 companies were financial report data studied from 2017 to 2020, while 137 companies were financial report data studied in 2021 so that the total research data on companies was 1820 data. The number of company observation data is 1713 data.

The descriptive statistics tested in this study consisted of the dependent variable, independent variable and control variable. CSR variables, Good Corporate Governance variables, firm size variables, leverage variables, and ROA variables are the independent variables and control variables used in this study. The tax avoidance variable is the dependent variable used in this study. In order to make it easier to read the results of this study, a table of descriptive statistical test results is presented below:

Tabel 2 Descriptive Statistical Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
ETR	1713	-0.696	1.0569	0.1941	0.2147
CSR	1713	0.051	0.6168	0.3359	0.0956
Firm Size	1713	24.6236	34.2806	29.057	1.7179
LEV	1713	.0000	4.2347	0.2265	0.3787
ROA	1713	-2.9499	3.9717	0.1273	0.5253
Valid N (listwise)	1713				

The number n indicates the amount of company data observed by the researcher. The lowest value of the effective tax rate is 69.61% contained in PT. XL Axiata (EXCL) in 2017. The highest value of the effective tax rate is -105.69% contained in PT. Jasa Marga Persero (JSMR) in 2020. The average value of the effective tax rate is 19.41% which indicates that companies registered on the IDX are still unable to meet government targets and have not yet approached the Corporate Income Tax rate stipulated in Government Regulation (PP) Number 30 of 2020, which is 22%, which proves that companies listed on the Stock Exchange pay a lower tax rate than the rate set by the government. Meanwhile, the standard deviation value for the Effective Tax Rate is 21.47%.

The lowest CSR value of 0.05 is found in PT Roda Vivatex (RDTX) data for 2019. The highest CSR value of 0.61 is found in PT. Bekasi Fajar Industrial Estate (BEST) in 2017. The average value of CSR is 0.33, with a standard deviation of 0.09.

The lowest firm size value is 24.62 (Rp.49,420,100,780, -) found in PT. Inter-Delta Tbk (INTD) in 2019. The highest firm size value of 34.28 (Rp 772,500,263,235,722, -) is found in PT. Berkah Beton Sadaya Tbk (BEBS) in 2019. The average firm size is 29.05 (Rp. 386,274,841,668,251, -), which shows that companies listed on the IDX are on average included in the large company category in accordance with POJK Number 53 In 2017, because the total assets exceed Rp. 250,000,000,000.-. While the value of the standard deviation is 1.71.

The lowest leverage value is found at PT. Buyung Poetra Sembada Tbk (HOKI) in 2020. The lowest leverage value is 0.00 found at PT Buyung Poetra Sembada Tbk (HOKI) in 2020. The highest leverage value is 4.23 found in Bank Aladin Syariah Tbk (BANK) data for 2019. The average value -the average leverage is 0.22, with a standard deviation of 0.37.

The lowest ROA value is -2.94 which is found in PT. Radana Bhaskara Finance Tbk (HDFA) in 2017. The highest ROA value of 3.97 was found at PT. Inti Agri Resources Tbk (IIKP) in 2018. The average value of ROA is 0.12, with a standard deviation of 0.52. The average value shown by companies listed on the Indonesia Stock Exchange has a healthy financial condition (Luh & Puspita, 2017).

Tabel 3 Statistical Test Results for Dummy Variables

Variabel Penelitian	Kategori	Frekuensi	Persen
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<i>Board of</i>	BOD Independence >60% = 1	32	1.9
<i>Directors Independence</i>	BOD Independence <60% = 0	1681	98.1
<i>Institutional Ownership</i>	Modal Saham > Rata-rata Saham = 1	843	49.2
	Modal Saham < Rata-rata Saham = 0	870	50.8
<i>Ownership Concentration</i>	Persentase Ownership > Rata-rata Ownership = 1	830	48.5
	Persentase Ownership < Rata-rata Ownership = 0	883	51.5

The results of the dummy descriptive statistical test show that there are 32 companies on the board of directors' independence data that have a percentage of more than 60%, while those with a percentage below 60% are 1681 companies. The data included in the board of directors' independence is 1.9%.

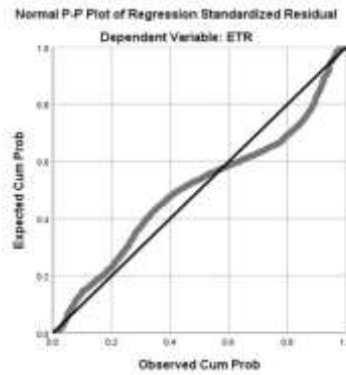
In the Institutional Ownership section, there are 843 companies whose share capital ratio is greater than the average share, while there are 870 companies whose share capital ratio is less than the average share. Data included in Institutional Ownership is 49.2%.

In the Ownership concentration section, there are 830 companies with a higher percentage of ownership than the average ownership, while there are 883 companies with a smaller percentage of ownership than the average ownership. The data included in the Ownership concentration is 48.5%.

Outlier Test

Outlier test results on tax avoidance variables using CSR, good corporate governance, firm size, leverage, and ROA variables show 107 data outliers. The outlier testing method used is the Z-Score method. The criterion is that if the Z-Score value is in the range >3 or <-3, then it is detected as outlier data and needs to be eliminated. Observation data obtained as many as 1713 data, after eliminating 107 detected outlier data.

Best Model Selection Normality test



Based on the results of the P-Plot interpretation above, it is presented that these plot points follow and approach the diagonal line. Looking at the baseline or decision-making guidelines in this visual normality test, it can be concluded that the data is normally distributed. Thus, this data meets the assumption of normality for the residual value.

Multicollinearity test

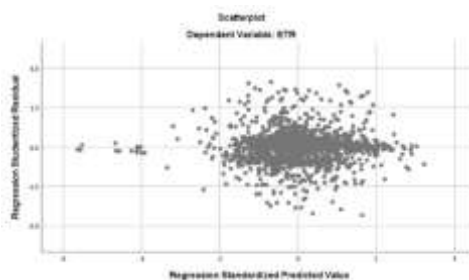
Tabel 1 **Multicollinearity Test Results**

Model		Unstand. Coefficients		Stand. Coeff. Beta	t	Sig.	Collienarity Statistics	
		B	Std. Error				Tolerance	VIF
1	(Constant)	-0.150	0.090		-1.668	0.096		
	CSR	0.084	0.054	0.037	1.546	0.122	0.994	-1.006
	Firm Size	0.011	0.003	0.090	3.742	0.000	0.986	1.014
	LEV	-0.038	0.014	-0.066	-0.066	0.006	0.974	1.026
	ROA	0.006	0.010	0.014	0.014	0.562	0.984	1.016

Dependent Variable: ETR

The criterion for the results of this multicollinearity test is that if the VIF value is <10, then there is no multicollinearity between the independent variables, and vice versa. It can be seen above that CSR has a value of -1.006, Firm size has a value of 1.014, LEV has a value of 1.026, and ROA has a value of 1.016. All of the above variables have a VIF value below 10 so that the multicollinearity assumption is fulfilled.

Heteroscedastisity test



The heteroscedasticity test here uses the scatterplot visual technique. One way to find heteroscedasticity is by looking at the scatter graph or the predicted value of the dependent variable, namely SRESID with a residual error, namely ZPRED. Judging from the interpretation above, the points are randomly spread above 0 and below 0. The above points do not collect in only one place. The dots above also don't form a wavy pattern that widens and then narrows and widens again. From the interpretation above, it can be said that the data meets the assumption of heteroscedasticity.

Autocorrelation test

Tabel 2 Autocorrelation Test Results

Model R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.128 ^a	.016	.0012	.2133963583 1.454

a. Predictors: (Constant), ROA, CSR, Firm Size, LEV

b. Dependent Variable: ETR

Autocorrelation test can be done using the Durbin Watson test. Autocorrelation can arise if successive observations are related over time. From the table above, we can see that the Durbin-Watson value is 1.454. To find out whether the data meets the autocorrelation assumption, we can use the assumption $du < d < 4 - dl$. The value of d here is 1.454, the value of $du - 2$ and $4 - dl$ is 2 so we get $-2.000 < 1.454 < 2.000$. Thus, it can be assumed that the data meets the assumption of autocorrelation.

Hypothesis Results

F-Test

Tabel 3 F Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1.298	7	.185	4.071	.000 ^b
Residual	77.642	1705	.046		
Total	78.940	1712			

Based on table 6, the results of the F test show that the probability of the F-statistic is 0.00 or < 0.05 . This shows that all independent and control variables in the research model have a significant effect on the dependent variable, namely tax avoidance. Therefore, the research model can be used in panel data regression analysis.

T-test

The regression equation resulting from the t test above can be formulated as follows:

$$\text{ETR} = -0.150C + 0.084\text{CSR} + 0.062\text{GCG_BOD} - 0.016\text{GCG_Inst} + 0.004\text{GCG_Own} + 0.011\text{FirmSize} - 0.038\text{LEV} + 0.006\text{ROA} - \varepsilon$$

Discussion

The Effect of Corporate Social Responsibility (CSR) on Tax Avoidance

The first hypothesis is intended to test the effect of CSR on tax avoidance. The table above shows that the CSR variable has a significance value of 0.122 where the value is greater than 0.05. This shows that CSR has no significant effect on tax avoidance.

Results are similar to research by (Adinda *et al.*, 2017) resulting in CSR not having a significant effect on tax avoidance. This is caused by an increase in CSR disclosure from year to year in the period 2012 to 2016. This increase in CSR disclosure is because companies are aware of social responsibility, not for the purpose of avoiding taxes, even though companies incur significant costs by carrying out CSR activities.

Effect of GCG – BOD Independence on Tax Avoidance

The second hypothesis is intended to test the effect of GCG – BOD Independence on tax avoidance. The table above shows that the GCG – BOD Independence variable has a significance value of 0.004 where the value is less than 0.05. So it shows that GCG – BOD Independence has a significant positive effect on tax avoidance.

The results of a study similar to (Lanis and Richardson, 2012) found that GCG – BOD Independence has a significant effect on tax avoidance. In terms of significant positives in these two variables, it can provide an understanding that when the board of directors independence has an independent board in the company that can provide good performance to the company, so that tax avoidance has a high level of profitability.

The Effect of GCG – Institutional Ownership on Tax Avoidance

The third hypothesis is intended to test the effect of GCG - Institutional Ownership on tax avoidance. The table above shows that the GCG – Institutional Ownership variable has a significance value of 0.017 where the value is less than 0.05. So it shows that GCG - Institutional Ownership has a significant negative effect on tax avoidance.

The results are similar to research by (Ngadiman and Christiany, 2014) which states that institutional ownership is a large part (more than 5%) of individual ownership. Institutional ownership does not allow management to avoid taxes that result in future corporate losses. They are committed and compliant to follow tax laws. Meanwhile, the results of research by (Mappadang *et al.*, 2018) show that institutional ownership has a significant negative effect on tax avoidance.

The Effect of GCG – Ownership Concentration on Tax Avoidance

The fourth hypothesis is intended to test the effect of GCG - Ownership concentration on tax avoidance. The table above shows that the variable GCG – Ownership concentration has a significance value of 0.700 where the value is more than 0.05. So it shows that GCG – Ownership concentration has no significant effect on tax avoidance.

The results of a similar study by (Wulandari and Setiawan, 2023) showed that ownership concentration has no significant effect on tax avoidance. It was explained that small companies are more vulnerable to tunneling activities compared to large companies. Large companies have more control over tunneling activities carried out by majority stockholders.

The Effect of Firm Size on Tax Avoidance

The fifth hypothesis is intended to test the effect of firm size on tax avoidance. The table above shows that the firm size variable has a significance value of 0.000 where the value is smaller than 0.05. So it shows that company size has a significant positive effect on tax avoidance.

The results of a similar study by (Swingly, Calvin and Sukartha, 2015) showed that firm size has a significant positive effect on tax avoidance. (Siburian and Siagian, 2021) concluded in this study that large companies tend not to avoid taxes.

The Effect of Leverage on Tax Avoidance

The sixth hypothesis is intended to test the effect of leverage on tax avoidance. The table above shows that the leverage variable has a significance value of 0.006 where the value is less than 0.05. So it shows that leverage has a significant negative effect on tax avoidance.

The results of a similar study by (Luh and Puspita, 2017) which resulted in leverage having a significant negative effect on tax avoidance. This shows that the greater the value of the debt, the lower the tax avoidance practices by the company. One of the financial policies is that with debt or leverage, namely the level of debt used by companies in financial companies that use debt as a financial component, there will be bills of interest expense.

The Effect of ROA on Tax Avoidance

The seventh hypothesis is intended to test the effect of ROA on tax avoidance. The table above shows that the ROA variable has a significance value of 0.562 where the value is more than 0.05. So it shows that ROA has no significant effect on tax avoidance.

The results of a similar study by (Bhismo, 2016) showed that ROA did not have a significant effect on tax avoidance. Meanwhile, on the contrary, the results of research by (Violentine, 2022) produce ROA which has a significant effect on tax avoidance. Increased ROA indicates that the company's profit will improve its performance so that it does not commit tax evasion to maintain the company's image.

Conclusions

Based on the research that has been examined, this study aims to analyze the influence of corporate governance, CSR, firm size, leverage, and ROA on tax avoidance which is significant or not. The conclusions and tests discussed by the researchers in the previous chapter show that GCG-BOD Independence, GCG-Institutional

Ownership, firm size, and leverage have a significant effect on tax evasion. Meanwhile CSR, GCG-Ownership concentration, and ROA have no significant effect on tax evasion.

This is shown because the larger the size of the company, the more transactions will be carried out. The company's operating income or profit will also shrink (lower) when market

taxes decrease. Under the influence of corporate governance, the smaller the number of directors in the company, the greater the probability of tax evasion. The greater the share ownership of institutional investors, the cost of debt will also decrease in reducing agency problems, so that the opportunity to practice tax avoidance will also decrease.

The recommendations and suggestions given by researchers which will become a reference point in future research, namely:

1. Research can use other formulations of tax avoidance, such as the Cash Effective Tax Rate.
2. Future researchers can use this research report in order to develop other variables.

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