Analysis of The Influence of Company Social Responsibility (CSR), Leverage, and Company Measure on Tax Avoidance (Study on Manufacturing Companies Listed on The Bursa Efek Indonesia (BEI) in 2017-2020)

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1. INTRODUCTION

Mining companies become one of the sources of state revenues is also an important role in National Economic Development. When Indonesia is in a low economic and financial crisis, the mining area can still provide meaningful income for a country. Taxes include those that will arise from businesses built from the mining industry. Kementerian Energi dan Sumber Daya Mineral (ESDM) recorded the achievement of non-tax State Revenues (PNBP) from the energy and coal mineral mining (minerba) sector reaching Rp172.9 trillion in 2019. The mineral and coal sector (minerba) contributed non-tax revenues of Rp44.8 trillion. The realization of PNBP in the mineral and coal mining area until the end of 2020 amounted to Rp34,627 trillion. This achievement exceeded the target set in 2019 of Rp31.41 trillion (Disnakertrans Kab. Berau, 2020).

Companies in minimizing spending on taxes make efforts so that the taxes paid are not too large, one way is by doing tax avoidance or commonly known as Tax Avoidance. Where to minimize tax expenditures with Tax Evasion is done by looking at the weaknesses of the applicable tax legislation (Tax Avoidance). A manufacturing company as one of the industrial companies makes a large contribution to state revenues in Indonesia, namely by paying taxes as state Revenues (Ministry of Industry, 2018). Companies that impose a tax avoidance system in the form of social treatment are considered bad and irresponsible, so it can be realized that although tax avoidance is used by utilizing existing tax regulations, this tax avoidance is less ethical and can have a negative influence on investors. Better corporate accountability by performing lower tax evasion (Lanis & Richardson, 2015).

Companies rated less well by investors are of course undesirable. One way that companies do in order to get a positive response from investors is by holding Company Social Responsibility (CSR) activities or Company Social Responsibility to investors (Ningrum et al., 2018; Wahyudi, 2015). By
holding Company Social Responsibility (CSR) activities, it will build a good image for investors so that the company's survival can be guaranteed. Many companies in tax evasion have the influence of influencing social agendas around the world (Duhigg & Kocieniewski, 2012).

The company in assessing its debt and equity uses the Leverage ratio. Leverage ratio affects the corporate's operating activities in showing the amount of debt owned by an entity. In the calculation, the Leverage ratio compares the entire debt in the company with all equity owned by the company (Kasmir, 2015). Interest expense arising from the company as a output of the addition of total dues owned by the corporate. The corporate paying the tax burden will make less the profit before tax because it has an interest expense component in the company. As for the research that has the result that the influence of tax evasion is not influenced by the Leverage ratio of the companies (Ayufa et al. 2018). As for other research evidence, it also says that tax avoidance is not influenced by the Leverage ratio carried out by the company (Putri & Putra, 2017).

In the taxation decisions of the companies can be influenced by the ability of the size of the company. The economic activity carried out by a company in the ability and stability of the company is also shown from the size of the companies. The tendency for compliance or avoidance of taxes used by a company will arise from the size of a company is getting bigger and there is an appeal from the government (Kurniasih, 2013). The results of previous research, namely Rahmadani and Iskandar Muda (2020), said that company size affects tax evasion by a company. This condition is similar to the research put forward by Ayufa et al., (2018) which states that the size of the company affects Tax Avoidance has a positive influence on the company.

Previous studies have been conducted to see the influence of Company Social Responsibility (CSR), Leverage, and Company Size on Tax Avoidance including Ayufa et al., (2018) with the research title the influence of Leverage, Company Social Responsibility (CSR), and Company Size on Tax Avoidance which is then used as a reference in this study. However, the difference between the previous study and this study is the most recent year and the use of data from the mining area listed on the IDX in the period 2011-2016. Variables of Company Social Responsibility (CSR), Leverage, corporate measure, and Tax evasion that make the mining area of the coal subsector listed on the Indonesia Stock Exchange (IDX) for the period 2017-2020 as a sample object in this study. The relationship between CSR and varied tax avoidance has global issues and most tax studies investigate what is associated with tax avoidance activities in industrialized countries. The Leverage ratio affects the company's operating activities in showing the amount of debt that exists in the company and tax evasion used by a company will arise from the size of the company that is getting bigger.

Based on the description that has been presented, the purpose of this writing is to provide results regarding the influence of Company Social Responsibility (CSR), Leverage, and Company Size on Tax Avoidance in Manufacturing Companies in the coal mining area listed on the Indonesia Stock Exchange (IDX) for the 2017 period –2020.

Agency Theories

Agency theories describes the separation between an owner and an agent. An agency relationship is a relationship between one or more employers or principals and workers who are given the power to carry out a decision (Jensen & Meckling, 1984). The principal wants a higher return from the resources that have been invested although there is a possibility that the agent uses his position for his personal interests at the expense of the principal (Aditya, 2017).

Compliance Theory

A condition in which a person obeys the rules or orders that have been set is the definition of compliance theory (Milgram, 1963). The relationship of compliance theory with the dependent variable Tax Avoidance states that compliance theory can make taxpayers to comply with applicable regulations, considering that the tax system in Indonesia believes in self assessment system (Rani, 2017).

Tax Avoidance

Tax avoidance is a whole picture of activities that give influence to tax liabilities, whether an activities is allowed by the tax or special activities to make less taxes (Dyreng et al., 2018). In doing
tax evasion there are costs that will arise to reduce the value of the company, legal potential and others, namely implementation costs and direct costs (Chen, 2014). Zeng, T (2018) found results proving that the relationship between the CSR and tax avoidance varies and mentioned the corporate Tax Avoidance is a global problem and most tax studies investigate what is related to tax avoidance activities in industrialized countries. Companies that impose a tax evasion system in the form of Company Social treatment is not considered good and irresponsible has been widely studied by previous research so that it can be realized that although tax avoidance is done by utilizing the rules that are in taxation, this tax avoidance is less ethical and can leave a negative impact on society and investors.

**Company Social Responsibility (CSR)**

The emergence of Company Social Responsibility (CSR) originated from public mistrust of the company so that the company created a commitment to gain public trust (Hisar, Suharna, & Cahyadi, 2020). The impact of Company Social Responsibility (CSR) by the companies is to give an edge to the company itself so that the company holds a good shape in society. Untung (2008) concluded Company Social Responsibility (CSR) as something created by companies by contributing to continuous economic development by showing aspects of Company Social Responsibility.

**Leverage**

The company in assessing its debt and equity uses the Leverage ratio. Leverage ratio is a company's operating activities in showing the amount of debt owned by a corporate entity. In the calculation, the Leverage ratio compares the entire debt in the company with all equity owned by the company (Kasmir, 2015). Interest expense arising from a company as the result of an addition of total equity held by a company. The tax burden will be borne by a companies will be reduced if the profit before tax has an interest expense component in the company. The research that explains the Leverage ratio does not influence tax evasion conducted by the corporate (Ayufa et al 2018). As for other research evidence, it also says that the Leverage ratio does not affect tax evasion held by the companies.

**Influence between the size of the company with Tax Avoidance**

Every large or small company must expect high profits and the measure of the companies to prove the measure or measure of the companies (Oktaviana & Karnawati, 2020). Therefore, company management must manage profits in order to get high profits, the higher the profit shows the good performance of the companies. According to the analysis put forward by Putri & Putra (2017), believing Tax Avoidance will positively affect the measure of the company. While the results of other previous studies also obtained the same results, namely concluding that Tax Avoidance will positively affect the measure of the company (Wahyunri, 2019). From the above description can be assumed that the hypothesis:

H4: the measure of corporate has a positive influence on tax evasion.

![Figure 1. Research Method](image-url)
2. THE PROPOSED METHOD

Variable Measurement

Tax Avoidance as the dependent variable is applied, while Company Social Responsibility (CSR), Leverage, and company size as the independent variables applied. Tax Evasion is a dependent variable measured using the Influence Tax Ratio (ETR) as a measurement to determine the ratio of total tax expense incurred with profit before tax. Debt to Equity will proksikan independent variable that is Leverage by comparing the entire debt in the corporate with the total sales of the company's property. Company size in measuring variables proxied with total sales, the higher the total sales will increase the size of the company. Data on sales is very high when compared with other variable data, therefore, to equalize the measure of the corporate, it is proxied with the Logarithm Natural of Total Sales (Nyale, 2020).

Research Design

The design of this study is causality, where this study describes Tax Avoidance as a dependent variable that is influenced by Company Social Responsibility (CSR), Leverage, and Company Size. Data collection was carried out by quantitative methods. This study will use secondary data obtained from the audited financial statements of coal subsector mining area companies listed on the Indonesia Stock Exchange (IDX) for the period 2017-2020 which have been published in www.idx.co.id. Therefore, the method of data retrieval using secondary data that is annual financial statements.

Population and sample

Annual audited financial statements published in www.idx.co.id as well as the company's official web site from 2017-2020 as secondary data. The population of dapat is 24 (twenty four) corporates in the mining industry sector listed on the Bursa Efek Indonesia (BEI) on period 2017-2020. Purposive sampling as a sample. Sampling criteria are companies that attach complete financial statements consecutively during the period 2017-2020. After the data is processed, then obtained a sample of 11 (eleven) companies for 4 (four) years, thus there are 48 (forty-eight) secondary data in this study.

3. METHOD

Multiple linear regression is used as a method of secondary data analysis in this research. Descriptive statistics and classical assumption test as data analysis used in research. Descriptive statistical tests are defined as statistics to obtain conclusions without analyzing the data, only describing the object under study through sample data. After performing a descriptive statistical test, then proceed with the classical assumption test. Classical assumption tests include normality test, autocorrelation test, heteroscedasticity test, and multicollinearity test. After testing the classical assumptions, then testing the hypothesis to look for an effect of the independent variable on the dependent variable. In this study, the multiple linear regression analysis model is as follows:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \]

Y = Tax Avoidance
\( \alpha \) = Constant
\( \beta \) = Regression Coefficient
\( X_1 \) = Company Social Responsibility (CSR)
\( X_2 \) = Leverage
\( X_3 \) = Corporate Size
\( \epsilon \) = Error
4. RESULTS AND DISCUSSION

Descriptive Graphic

Chart 1. Results of Descriptive Graphic

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>44</td>
<td>0.571428</td>
<td>0.92307</td>
<td>0.74125</td>
<td>0.10125</td>
</tr>
<tr>
<td>Leverage</td>
<td>44</td>
<td>0.096539</td>
<td>1.9068</td>
<td>0.7088</td>
<td>0.4415</td>
</tr>
<tr>
<td>Company Size</td>
<td>44</td>
<td>2.84</td>
<td>3.1590</td>
<td>2.9859</td>
<td>0.8769</td>
</tr>
<tr>
<td>Tax Avoidance</td>
<td>44</td>
<td>0.033336</td>
<td>0.74425</td>
<td>0.27089</td>
<td>0.12547</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the outcome of the descriptive statistical test, namely the minimum value on the CSR variable is 0.5714 owned by PT Harum Energy Tbk, the maximum value is 0.9230 owned by PT Bayan Resources Tbk, and the mean value is 0.7412 with a standard deviation of 0.1012, the average value is greater than the standard deviation so that the data not varied or homogeneous, meaning that the average manufacturing company in the coal mining sub-sector that carries out CSR is 74.12% of the 91 CSR indicators. The Leverage variable has a minimum value of 0.0965 owned by PT Harum Energy Tbk, a maximum value of 1.9068 owned by PT Petrosea Tbk, and a mean value of 0.7088 with a standard deviation of 0.4415, meaning that the average manufacturing company in the mining area sub-sector coal has a small debt ratio value because it is below 50%, which indicates that bank loans in the company have small debts to carry out their operations until the company experiences pressure from high external parties. The company size variable has a minimum value of 2.84 owned by PT Harum Energy Tbk, a maximum value of 3.1590 owned by PT Adaro Energy Tbk, and a mean value of 2.9859 with a standard deviation of 0.8769, meaning that manufacturing companies in the mining area coal sub-sector, have large total sales. Variable Tax Avoidance PT Darma Henwa Tbk which low level among other companies of 0.0333, the high level of 0.7442 variable Tax Avoidance has owned by PT Indo Tambangraya Megah Tbk, and the mean values of 0.2708 with a standard deviation of 0.1254, meaning the average company that does tax avoidance by reducing its tax burden reaches 27.08%.

Impact of Company Social Responsibility, Leverage, and company size on Tax Avoidance

Based on the results of the F-test CSR variables, Leverage, and company size when tested together simultaneously influence tax evasion in coal subsector mining area corporates. Then hypothesis 1 that simultaneously does not influence tax evasion is acceptable. It is similar to the researcher of Ayufa et al., 2018. CSR disclosure in the form of Corporate Responsibility and one way to gain public trust. If a company's positive public trust has been realized, then the company will consistently strive to increase that trust. One way is by not carrying out tax evasion. The value of Leverage has no influence on tax evasion so that the interest expense of the resulting long-term debt of the company has a low value and can not have a significant influence on tax avoidance. The larger the size of the company, the greater the ETR in the company which means a reduced level of tax avoidance. Corporate that are included in a large company will have abundant resources that can be used for certain purposes.

Impact of Company Social Responsibility on Tax Evasion

This study states that the CSR variable does not have a significant positive influence on Tax Avoidance in coal subsector mining area companies, meaning that it is in line with the hypothesis put forward earlier. In hypothesis 2, it is explained that the Company Social Responsibility (CSR) variable does not have a significant positive influence on Tax Avoidance, it can be concluded that it is acceptable. Agree with research conducted by Saputra et al., (2022) which states that CSR has a positive influence not significantly on Tax Avoidance, which means that here companies that disclose CSR widely, then not to practice tax avoidance, because by disclosing CSR widely, it shows the
awareness of the company with its responsibilities, as well as the taxes it must pay. The high sense of corporate responsibility, it will tend not to practice the tax evasion and in the corporate’s annual report the level of disclosure of Social Responsibility activities cannot be standardized in the low level of tax evasion by the company (Safitri & Muid, 2020).

The Influence of Leverage on the Tax Avoidance

Those study states, the leverage variable has no significant influence on Tax Avoidance in coal subsector mining area companies, meaning that this study agrees with research conducted by Darmawan and Sukartha (2014); Putri & Putra (2017) which together prove that Leverage has no influence on Tax Avoidance. Significant value shows leverage variable has no influence on tax evasion therefore hypothesis 3 is Leverage influence on tax Avoidance is accepted. Leverage calculates the level of debt used for financing in a company. Interest expense must be paid if there is a composition of financing in the company using debt. The use of debt in corporates can be used to save on tax payments by obtaining incentives in the form of interest expenses which will be a deduction from taxable income. The higher the value of Leverage, the higher the amount of funding from third parties used by the corporate and the higher the interest costs. Higher interest costs will have the effect of reducing the corporate's profit before tax. So that the use of debt by corporates can be used for tax savings because they get incentives in the form of interest expenses which will be a deduction from taxable income. So that the management will take advantage of financing derived from debt so that the corporate's profits will be smaller since of the large interest expenses will cause the company's tax burden will be low (Putri & Putra, 2017).

The influence of Company Size on Tax Avoidance

This study states that the company measure variable has a significant influence on Tax Avoidance in coal subsector mining area companies, meaning that this study agrees with research conducted by (Aulia, 2020); (Ratu & Meiriasari, 2020) which also proves that company size has an influence on Tax Avoidance. Therefore, hypothesis 4 is that the size of the company has an influence on Tax Avoidance is acceptable. Total sales do not constantly identify the company's profit is also high. Due to the increase in sales, the assets of the corporate also increased. Increasing in total assets was accompanied by an increase in the interest burden on company loans, making net income not too high. While the value of a good company can be seen from the size of the profitability obtained by the company, so investors will be more concerned with how the company makes a profit compared to seeing the size of the company based on the total sales generated by the company. The assets held relate to the classification of the measure of the corporate. The greater the property owned, the corporate is classified as a large company. Assets in the company each year want to obtain depreciation that can shrink the company's net profit due to the large tax burden that must be paid will decrease along with the depreciation (Safitri & Muid, 2020). Therefore, large companies can take advantage of the depreciation of their assets to reduce the tax burden. Any company that has a larger company size will have a greater chance of tax evasion, this is because large companies are more likely to have greater total assets and indicate higher profits. It also encourages companies to better regulate, one of which is by tax evasion.

Figures and Tables

Hypothesis Test

<table>
<thead>
<tr>
<th>Theory</th>
<th>Statements</th>
<th>Result</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>CSR, Leverage, and Corporate Measure simultaneously influence Tax Evasion</td>
<td>Value Sig &lt; 0.05 0.0349 &lt; 0.05</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>CSR has a negative and insignificant effect on Tax Evasion</td>
<td>Value t table 0.6805 -1.041 &lt; 0.6805</td>
<td>Rejected</td>
</tr>
</tbody>
</table>
### Classical Assumption Test

#### Normality Test
Based on the one sample Kolmogorov-Smirnov normality test with test criteria in the form of significant levels exceeding 0.05, the results of normality testing showed that the normally distributed regression seen from the value of Monte Carlo GIS. CSR variables (X1), Leverage (X2), company size (X3), and Tax Avoidance (Y) are 0.052, 0.232, 0.162, and 0.173 > 0.05 respectively. That means the retrieval test is generally distributed and can be continued.

#### Multicollinearity Test
Good research if there is no problem in multicollinearity. The Data can be said to be no problem, if the Tolerance point > 0.100 and VIF < 10.00. Based on the above results, tolerance value for CSR variable (X1) is 0.639, the tolerance value for Leverage variable (X2) is 0.741, and the tolerance value for company size variable (X3) is 0.8420. The three tolerance values are greater than 0.10, it means there is no multicollinearity in the retrieval model. For Variance Inflation Factor (VIF) point the CSR variable (X1) is 1.5660, the VIF value for the Leverage variable (X2) is 1.3500, and the VIF value for the company size variable (X3) is 1.1880. The three VIF values are smaller than 10, so it means that there is no multicollinearity in the regression model. The test results showed that there was no multicollinearity in all independent variables and the results stated that the output of the data can be used in the study and can be continued.

#### Heteroscedasticity Test
Based on the results of heteroscedasticity test with the use of Glacier test, the level of significance for all variables is above 0.05. The significance level of the CSR variable (X1) of 0.2370, significance level of the Leverage variable (X2) of 0.1080, and the significance level for the company size variable (X3) of 0.210. It can be concluded that there is no heteroscedasticity disorder and it can be continued.

#### Autocorrelation Test
Based on the calculations that have been carried out, it known that the Durbin-Watson (d) value is 1.4140. The total independent variable is 3 (k = 3), while the number of samples is 44 (N = 44). Based on autocoleration test using run test, where value of Asymp Sig. must be greater than 0.05. It can be seen that the value of Asymp. Sig. 1,000 is more than 0.05 which means that there are no symptoms of autocorrelation so that it can be continued.

#### Multiple Linear Regression Analysis
Furthermore, based on the test results of multiple regression analysis, the regression equation is arranged as follows:

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon \]

If the value entered into the formula becomes:

\[ Y = -1.302 - 0.772X_1 - 0.041X_2 + 0.066X_3 \]

The value of the constant means that if the CSR (X1), Leverage (X2), and the size of the company (X3) is fixed or no change then the Tax Avoidance is negative, that is, the coefficient X1 or CSR variable means if the CSR increases by one unit assuming other independent variables are constant, the Tax Avoidance decreases by . The coefficient X2 or leverage variable means if the Leverage

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<tr>
<td>H3</td>
<td>Leverage has a negative and insignificant result on Tax Evasion</td>
<td>Value t table 0.6805 -0.613 &lt; 0.6805</td>
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<tr>
<td>H4</td>
<td>Corporate measure has a positive and significant effect on Tax Evasion</td>
<td>Value t table 0.6805 2.118 &gt; 0.6805</td>
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increases by one unit assuming other independent variables are constant, the Tax Avoidance decreases by . Coefficient X3 or company size variable means if the size of the company increases by one unit assuming other independent variables are constant, then Tax Avoidance increases by 0.066.

5. CONCLUSION

Build upon the tests that have been to carried out on relationship since the four variables in this industry and the term studied, and based on the discussions that have been to described previously, it can be concluded that Company Social Responsibility (CSR), Leverage, and company size when tested together simultaneously do not affect Tax Avoidance in coal subsector mining area companies. CSR is proxied with 91 indicators of CSR disclosure negative and insignificant influence on Tax Evasion. CSR is an act of Tax Evasion. CSR has a greater chance of tax evasion by each company, how to suppress the profits earned by the company and CSR informants disclosed in the report are not necessarily in accordance with the actual condition of the corporate. So that in the corporate's annual report the level of disclosure of Social Responsibility activities cannot be used as a benchmark in the high and low level of tax evasion actions by the company. Leverage is proxied with Debt to Equity which is not significantly influence Tax Evasion. This is because the higher of point of Leverage means the higher of funding from third-party debt used by corporate and the higher of interest costs, the higher influence of reduced profit before corporate tax, so it affects the lower corporate tax burden. The measure of the corporate proxied with total sales has an influence on Tax Avoidance.

Based on the conclusions of this study, the researchers suggest to the corporate to improve the company's performance in utilizing the Capital owned to maximize profits in order to attract investors and also conduct CSR activities to the surrounding community. For the next researcher is advised to add another variables that can affect the value of the corporate since there are still many variables that can affect the value of the corporate. Investors need to be more careful in analyzing the corporate's financial statements and filtering information about the company before investing, bearing in mind that mining companies need substantial funds to finance their operational activities. In the selection of samples it is also advisable to apply to a wider scope, so that it is possible to replace with other company sectors not only focusing on coal subsector companies. In the selection of the time span of the study is recommended to extend the research period in order to obtain maximum results.

REFERENCES


Lenawati Haryanto (Analysis of The influence of Company Social Responsibility...)


