

**THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY,
COMPANY SIZE AND CAPITAL INTENSITY ON TAX AVOIDANCE
(Empirical Study on Property and Real Estate Building Construction
Sector Companies Listed on the Indonesia Stock Exchange in 2015-2020)**

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Abstract

This study aims to examine the effect of corporate social responsibility, company size and capital intensity on tax avoidance in property and real estate sector companies listed on the Indonesia Stock Exchange in 2015-2020. The sampling technique used was purposive sampling and 23 companies were included with a period of 6 years so that 138 samples were observed. The analytical method used to examine the effect of corporate social responsibility on tax avoidance is the model with the help of software reviews version 10. The results show that corporate social responsibility, company size has an effect on tax avoidance and conversely capital intensity has no significant effect on tax avoidance. There are still many companies that have not disclosed their financial statements in full company management activities, so it is hoped that the company can publish its financial statements in full because it is not only beneficial for the company, this can also increase public trust in the company.

Keywords: Corporate Social Responsibility, Company Size, Capital Intensity, Tax Avoidance

1. INTRODUCTION

Tax revenue is the highest percentage of state revenue compared to other sources of revenue (Wastam, 2018), specifically tax revenue of 1.618,1 trillion rupiah out of the total State revenue of 1,894.7 trillion rupiah in the 2018 State Budget (Ministry of Finance, 2018). In 2016, there were approximately 32 million registered taxpayers, according to data from the Directorate General of Taxes. The number of taxpayers who are required to file tax returns is 20 million, but only 12 million actually do so.

Table 1 Tax Revenue Realization Data

year	Description	Budget	Realization	Achievements
2015	Tax revenue :	1,489,255,488,129,000	1,240,418,857,626,370	83.29%
	- Domestic taxes	1,439,998,598,239,000	1,205,478,887,416,040	83.71%
	- Trade tax international	49,256,889,890,000	34,939,970,210,328	70.93%
2016	Tax revenue :	1,539,166,244,581,000	1,284,970,139,927,480	83.48%
	- Domestic taxes	1,503,294,744,581,000	1,249,499,479,450,430	83.12%
	- International trade tax	35,871,500,000,000	35,470,660,477,050	98.88%
2017	Tax revenue :	1,472,709,861,675,000	1,343,529,843,798,510	91.23%

- Domestic taxes	1,436,730,861,675,000	1,304,316,269,228,030	90.78%
- International trade tax	35,979,000,000,000	39,213,574,570,471	108.99%

Source : Central Government Financial Statements for the Period 2015-2017 (www.kemenkeu.go.id)

According to the results of the evaluation, the problems with taxes have not changed from those of previous fiscal years, namely the government's inability to realize the potential for tax revenues in accordance with the goals that have been established. One of the contributing factors is the inability of the taxation authority to communicate with taxpayers and to implement innovative tax policies. Nonetheless, the widespread practice of tax evasion also contributes to the shortfall in tax revenue collection (Hanafi & Harto, 2014). The self-assessment system of tax collection is regarded as highly susceptible to tax evasion (Hanafi & Harto, 2014).

Deterrence theory, on the other hand, asserts that a person's behavior is influenced by the paradigm of benefits, costs, and risks that result from each action to be chosen (Abadan and Baridwan in (Damayanti & Prastiwi, 2017)). This can be interpreted to mean that when making decisions, each person will consider the following three factors: what and how much benefit is obtained, how much is the cost, and how likely is it that the risk will be borne (Damayanti & Prastiwi, 2017). The tax payment program must be the focal point of government attention in order to increase taxpayer compliance and suppress various tax evasion practices. This is supported by Ayu's research findings as in Damayanti & Prastiwi (2017), which found that taxpayers tend to comply with tax regulations when they believe the likelihood of fraud detection is high.

Companies attempt to pay as little tax as possible because paying taxes diminishes their economic capacity (Muardi et al., 2022). This disparity in interests leads taxpayers to reduce their tax payments both legally and illegally (Maharani & Suardana, 2014) by utilizing loopholes in tax laws and regulations, the technique reduces the amount of tax owed so that transactions are not subject to taxation.

One of the factors that can influence a company's tax avoidance practices is the characteristics of the business. Capital intensity ratio is one of the company's characteristics (Muzakki & Darsono, 2015). The capital intensity ratio indicates how much of a company's assets are invested in its fixed assets, allowing the company to reduce its annual tax burden due to the depreciation of its fixed assets. Almost all fixed assets will experience depreciation, which will be reflected in the company's financial statements as a depreciation expense.

Company size is the size of a company that can be classified in a variety of ways, such as by income, total assets, and total equity (Brigham & Houston, 2006). And according to Sugianto, investors pay more attention to large companies because they are deemed capable of enhancing company performance by continuously enhancing the quality of their earnings. According to Brigham & Houston (2006), the size of a company is related to the quality of earnings because the larger a company is, the greater its business continuity in improving financial performance. Among them is research conducted by Sari (2014) which found that the size of a company has an effect on tax evasion.

According to research conducted by Delgado et al. (2014), the capital intensity ratio has a positive impact on ETR. Similarly, Wahyudi (2015) investigates the impact of corporate

social responsibility (CSR) activities on tax evasion in Indonesia. In this study, the independent variable is corporate social responsibility and the dependent variable is tax avoidance, as measured by Effective Tax Rates (ETR).

Based on the issue above, this study aims to examine the effect of corporate social responsibility on tax avoidance which is also proxied by Effective Tax Rates (ETR) by adding the variables of corporate social responsibility, company size and capital intensity as independent variables.

2. THEORETICAL BASIS

2.1. Legitimacy Theory

The legitimacy theory focuses on the interaction between businesses and society. One of the theories frequently discussed in social and environmental accounting is legitimacy (Tilling, 2014 in (Marulloh & Widiyanti, 2018)). The concept of legitimacy demonstrates the existence of a social contract in which a business is accountable for meeting the expectations or demands of society (Kuznetsov et al., 2013). This is done to gain legitimacy from the surrounding community in order for an organization to continue to exist. A company or organization may also seek legitimacy from the community by engaging in social responsibility activities, also known as CSR.

2.2. Corporate Social Responsibility (CSR)

Corporate Social Responsibility is a form of action that departs from a company's ethical considerations and aims to improve the economy, as well as the quality of life for employees and their families, as well as the quality of life of the surrounding community and the larger community. A company requires money, time, and energy, as well as special attention, which is not inexpensive or simple. However, there are many benefits that the company will obtain in the future. Even profits obtained have an effect on the company's long-term viability. According to Wibisono (2007), companies that implement CSR can maintain or improve their reputation and brand image, receive a social license to operate, reduce their business risks, increase their access to resources and markets, reduce their costs, improve their relations with stakeholders and regulators, and boost employee morale and productivity.

2.3. Company Size

The company is one of the taxpayers in the form of an entity, so the size of the company is considered capable of influencing the manner in which the company fulfills its tax obligations. According to Machfoedz (1994), company size is a scale that distinguishes between large and small businesses.

According to agency theory, there are disparities in the interests of management (agents) and owners, necessitating the establishment of mutually beneficial working relationships. According to Azizah & Kumalasari (2017), large businesses have a lot of resources that can be used to accomplish their objectives. Agents are permitted to utilize the company's resources in order to maximize company performance.

2.4. Hypothesis Development

2.4.1. Effect of Corporate Social Responsibility on Tax Avoidance

According to previous research performed by Lanis & Richardson (2012), CSR is a crucial factor for the success and survival of a company. Companies that are required to engage in CSR are those with direct ties to natural resources. This explains that corporate social responsibility is an obligation, similar to the taxes imposed on the company. Therefore, companies that engage in CSR can encourage other businesses to engage in tax avoidance because CSR activities can reduce profits. As a result, following hypotheses can be determined as follows:

H1: Corporate social responsibility has an effect on Tax Avoidance

2.4.2. Effect of Company Size on tax avoidance

Based on research carried by Darmawan & Sukartha (2014), Dewinta & Setiawan (2016), Putra and Merkusiwati (2016) in (Zoobar & Miftah, 2020), Lanis & Richardson (2012) as well as Swingly & Sukartha (2015) supports that the size of the company has a significant effect. This can be interpreted that the large size of the company also determines the amount of income earned by the company, thus encouraging companies to carry out tax avoidance activities. However, in Dewi & Noviari (2017) and Praditasari & Setiawan (2017) found different results, that the size of the company had a significant negative effect. Small companies are considered not able to manage their tax burden optimally, due to the lack of expertise in this field. Thus, reducing the possibility of tax avoidance activities carried out by the company. Meanwhile, Wijayanti & Merkusiwati (2017) found no effect on company size on the level of tax avoidance. As a result, following hypotheses can be determined as follows:

H2: Company size has a positive effect on tax avoidance

2.4.3. Effect of Capital Intensity on Tax Avoidance

Lanis & Richardson (2012) found that fixed asset intensity had a negative effect on effective tax rates (CETR). Liu and Cao (2007) (in Ardyansah & Zulaikha, 2014) mentions that the asset depreciation method is driven by tax law, so depreciation expense can be deducted from pre-tax profit. Hence, the greater the proportion of fixed assets and the cost of capital depreciation, the company will have a low ETR. Furthermore, Sabli and Noor (2012) (in Ardyansah & Zulaikha, 2014)) explains that companies that have high fixed assets tend to do tax planning, so they have a low ETR. As a result, following hypotheses can be determined as follows:

H3: Capital Intensity has a positive effect on tax avoidance

2.4.4. Effect of corporate responsibility on company size and capital intensity on Tax Avoidance

The effect of corporate responsibility on company size and capital intensity on tax avoidance is showing that corporate social responsibility has an effect on tax avoidance actions, which means that if a company want to improve tax avoidance measures, they must first improve the annual report or sustainability report, in order to fulfill the principles of transparency and accountability in the company and increase tax avoidance to fulfill its social obligations). This means that the higher the level of CSR disclosure of a company, the

higher the level of corporate tax avoidance. Meanwhile, the effect of risk preference is that the higher the company's risk (RISK) means the higher the tax avoidance action. Likewise, Sabli and Noor (2012) (in (Ardyansah & Zulaikha, 2014)) explains that companies that have high fixed assets tend to do tax planning, so they have a low ETR. As a result, following hypotheses can be determined as follows:

H4 : corporate social responsibility has an effect on company size and capital on Tax Avoidance

3. RESEARCH METHOD

The research approach used in this research is quantitative research methods. Meanwhile, research data were obtained from the Indonesia Stock Exchange or from the website of the Indonesia Stock Exchange, namely www.idx.co.id, as well as other relevant sources such as the company's website and the Indonesian Capital Market Directory (ICMD). This research was performed from November 2019 to April 2021. The object of this research is property and real estate companies listed on the Indonesia Stock Exchange for the period 2015-2020

The population of this study consists of 63 property and real estate companies listed on the Indonesia Stock Exchange between 2015-2020. This study employed the nonprobability sampling method, which is a technique that does not provide equal opportunities or opportunities for each element or member of the population to be selected as a sample, using a purposive sampling approach. The following criteria was used to select sample companies.

Table 2 Research Sample Criteria

No	Criteria	Criteria Violation	Amount
1	Property and Real Estate Companies listing in IDX between 2015-2020	0	63
2	Companies that publish their financial statements to the IDX consecutively during 2015-2020	(22)	41
3	Financial statements using rupiah currency	(6)	35
4	Companies that publish their social responsibility reports consecutively during the 2015 -2020 period	(12)	23
5	Companies that have data according to research variables in 2015-2020	0	23
Number of samples that meet the criteria			23
Research year			6
Number of research samples (24 x 6)			138

Source: Processed Data 2022

Based on the table above, it is known that there are 23 companies that meet the criteria as a sample. so that the unit of analysis in this study amounted to 138 annual reports consisting of six periods.

This study uses the Eviews 10 program to facilitate the calculations. The regression equation in this study is:

$$Y = \beta\alpha + \beta_1(\text{CSR}) + \beta_2(\text{UKP}) + \beta_3(\text{KI}) + e$$

Information:

- Y : Tax avoidance
- α : Constant
- β : Regression coefficient
- CSR : Corporate social responsibility
- UKP : company size
- KI : Capital Intensity
- e : Error

Furthermore, descriptive statistics are employed that function to describe or provide an overview of the object under study through sample or population data as they are, without analyzing and making conclusions that apply to the public (Sugiyono, 2015).

The data used in this study is a combination of time series data with cross section, this combination is defined as panel data. Iqbal (2015) said that there are three models that we can do to estimate the regression model with panel data, namely *Common Effect Model* (CEM), *Fixed Effect Model* (FEM) and *Random Effect Model* (REM).

Subsequently, the data in this study will be tested first to meet the classical assumption test before testing the hypothesis. The classical assumption test that was carried out included normality test, multicollinearity test, heteroscedasticity test and autocorrelation test.

On the basis of the theoretical foundation and previous research described above, the framework for this study is developed. In the context of this study, the relationship between the independent variable and the dependent variable is explained or described. In this study, corporate social responsibility and capital intensity are the independent variables, while tax avoidance is the dependent variable. The research describes the research framework as follows:

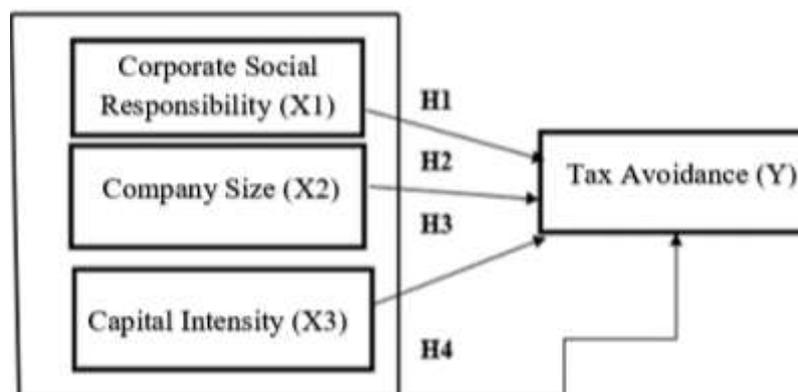


Figure 1 Framework of thinking

4. RESULT AND DISCUSSION

4.1. Research Results

4.1.1. Descriptive Statistics Test

Descriptive statistics provide a descriptive description of the data seen from the average value (mean), standard deviation, variance, minimum, maximum and standard deviation:

Table 3 Descriptive Statistics Test Result

Date: 06/30/22

Time: 19:52

Samples: 2015 2020

	Y	XI	X2	X3
Mean	0.328732	0.279913	28.99317	4.661616
Median	0.136844	0.307692	29.65554	0.032844
Maximum	9.748519	0.461538	31.73965	625.9147
Minimum	0.000341	0.065934	22.24640	6.36E-08
Std. Dev.	0.929722	0.100202	2.309031	53.27290

Source: Eviews calculation results, processed data (2022)

Based on Table 3, it is known that the data used in this study were 138 respondents and can be explained as follows: CSR value in the 2015-2020 period shows that it has the smallest (minimum) value 0.279913 and greatest value 0.461538 (maximum) is the average (mean) of the CSR value is 0.279913 and the standard deviation of .0.100202 this shows that the average value (mean) is higher than the standard deviation which proves that the data in this variable is well distributed. The sample company with the lowest value (CSR) is PT Roda vivatex Tbk, while the sample company with the highest value is PT. Pakwon Jati Tbk. Based on table 1, data processing is carried out using the Eviews 10 software. The value of the smallest company size (minimum) 22.24640 of 138 observations and the largest (maximum) value is 31.73965, the average (mean) of the size values is 28.99317 and the standard deviation value is 2.309031. Based on table 3, data processing was carried out using the Eviews 10 software. Capital intensity in the 2015-2020 period shows that the value of capital intensity has the smallest (minimum) value, 6.36008 and the largest (maximum) value is 625.9147, the average (mean) is 4.661616 and the standard deviation value is 53.27290.

4.1.2. Panel Data Regression Model Test

1) Chow Test

The Chow test is useful for determining which panel data regression model is more appropriate, whether the Common effect model (CEM) or the Fixed effect model (FEM). The hypotheses in the Chow test are:

H0 : Common effect model (CEM)

H1 : Fixed effect model (FEM)

With the provision that FEM is selected if the Chi-square Cross-section value is < 0.05 and CEM is selected if the Chi-square Cross-section value is > 0.05 and with a note that if CEM is selected then proceed to the multiplaiier range test and if FEM is selected then proceed to Hausman test

Table 4 Chow Test Results

Effects Test	Statistics	df	Prob.
Cross-section F	2.399235	(22,112)	0.0015
Cross-section Chi-square	53.286171	22	0.0002

Source: Eviews calculation results, processed data (2022)

The following are the results of the Chow test conducted by researchers: The statistical distribution value of chi square based on the results of calculations using eviews is equal to 53.286171 probability 0.0002 (less than 0.05 or 5%) then statistically H1 is accepted and H0 is rejected, then the correct model used is the Fixed effect model (FEM)

2) Hausman test

Hausman test is used to determine which panel data regression model is more appropriate to use, whether the Random Effect Model (REM) or the Fixed Effect Model (FEM).

H0 : Random effect model (REM)

H1 : Fixed effect model (FEM)

With the provision that FEM is selected if the Chi-square Cross-section value is < 0.05 and REM is selected if the Chi-square Cross-section value is > 0.05 and with a note that if REM is selected then proceed to the multiplaier range test and if FEM is selected then the test is complete.

Table 5 Hausman Test Results

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	52.783179	3	0.0010

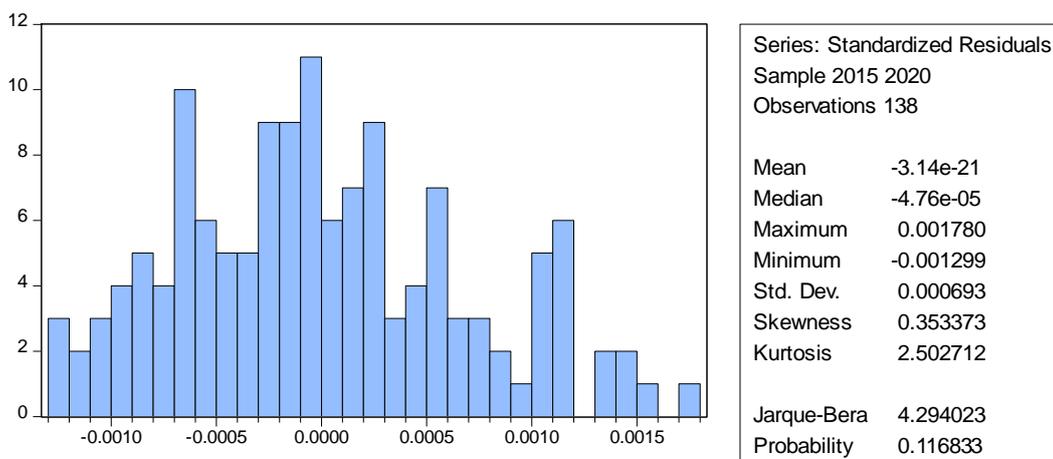
Source: Source: Eviews calculation results, data processed (2022)

Based on the results of the Hausman test above, it shows that the probability value (Prob) of a random cross-section is $0.0010 < 0.05$ (determined at the beginning as a significant level or alpha), then H0 is rejected and H1 is accepted. So the Fixed effect model used

4.1.2. Classic Assumption Test Results

1) Normality test

The normality test aims to test whether the data on the independent variables (corporate social responsibility, company size capital intensity) and the dependent variable (tax avoidance in the resulting regression equation are normally distributed or not normally distributed).



Source: Eviews calculation results, processed data (2022)

Figure 2 Normality Test Results

The results of the normality test show that the probability > level of significant ($\alpha = 5\%$) is $0.116833 > 0,05$. With these results, it can be concluded that the data is normally distributed.

2) Multicollinearity Test

The multicollinearity test was used to determine whether in the regression model used in the study there was a correlation between the independent variables. If the correlation coefficient between each independent variable > 0.90 then it can be said that there is multicollinearity and vice versa.

Table 6 Multicollinearity Test Results

X1	X2	X3
1.0000000	0.061078	-0.003431
0.061078	1.0000000	-0.166028
-0.003431	-0.166028	1.0000000

Source: Eviews calculation results, processed data (2022)

Based on Table 6, it can be seen that the coefficient value between independent variables is < 0.90 , which is 0.003431 , this indicates that the model used does not contain multicollinearity problems.

3) Heteroscedasticity Test

Heteroscedasticity is a condition in which all the disturbance factors do not have the same variance. The following are the results of the heteroscedasticity test:

Table 7 Heteroscedasticity Test Results

Heteroskedasticity Test: White

F-statistics	0.458438	Prob. F(9,127)	0.8998
Obs*R-squared	4.310775	Prob. Chi-Square(9)	0.8898
Scaled explained SS	149,9095	Prob. Chi-Square(9)	0.0000

Source: Eviews calculation results, processed data (2022)

Based on Table 7 above, the results obtained Obs* square the method used in this study is the White Test. To find out whether there is a heteroscedasticity problem, it can be done by looking at Obs*square and the Prob value. Chi-Square, If Obs*square > Prob.Chi-Square and Prob. Chi-Square > 0.05, there is no heteroscedasticity problem in this study. Amounted to 4.310775 with a value of Prob. Chi-Square 0.8898 > 0.05, then H1 is rejected and H0 is accepted, which means that in this study there is no heteroscedasticity issue.

4) Autocorrelation Test

To test the presence or absence of autocorrelation in this study, the Breusch-Godfrey test was used. The following are the results of testing using the Breusch-Godfrey test.

Table 8 Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test:

F-statistics	0.089953	Prob. F(2,131)	0.9140
Obs*R-squared	0.187888	Prob. Chi-Square(2)	0.9103

Source: Eviews calculation results, processed data (2022)

Based on Table 8, the Durbin-Watson (DW) value of 2001106 is obtained. Then, the value will be compared with the table value of 5% significance, the number of samples $N = 138$ and the number of independent variables ($K = 3$), so that $dL16778$ is equal to and dU is 1.7665. DW value 2.001106 greater than the limit dU 17665ie and less than $4-dU$ (4-1.6815) of 2,2335. To determine whether there is autocorrelation or not, use the formula $dU < dl < (4-dU)$ which is $17665 < 16778 < 22335$. Thus, it can be concluded that in this study there was no autocorrelation problem.

5) Multiple Linear Regression Analysis Test

Table 9 Multiple Linear Regression Analysis Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.47950	0.004358	3093.110	0.0000
XI	0.005414	0.001500	3.609165	0.0005
X2	0.000989	0.000149	6.613843	0.0000
X3	3.770009	1.350006	0.002800	0.9978

Source: Eviews calculation results, processed data (2022)

From the results of the Eviews calculation in Table 9, the results of the regression equation are:

$$Y=13.47950+0.005414 (X1) +0.000989(X2) +3.770009(X3) + e$$

The interpretation of this findings for each variable is as follows: Based on the linear regression equation, it can be seen that the constant of 13.47950

- a) that the constant is 13.47950, means that if all variables are zero then tax avoidance (Y) is worth 13.47950. The company's CSR coefficient (X1) value is 0.005414, which shows that if the value of Corporate social responsibility (CSR) increases by 1 unit, then tax avoidance will increase by 0.005414, in light that the variable is constant or fixed.
- b) Regression coefficient Company size (X2) is 0.000989, which shows that if the value of the size of the company increases by 1 unit, then tax avoidance will increase by 0.000989, assuming that the variable is constant or fixed.
- c) The regression coefficient for Capital intensity (X3) is 3.770009, which shows that if the value of Capital intensity increases by 1 unit, then tax avoidance will increase by 3.770009, assuming that the variable is constant or fixed

6) Coefficient of Determination Test (R^2)

The Coefficient of Determination Test (R^2) was used to find out how much influence the independent variables (corporate social responsibility, company size, capital intensity) had in explaining the overall variation in the dependent variable (tax avoidance). The results of the coefficient of determination test are shown in table 10 as follows:

Table 10 Coefficient of Determination (R^2) Results

Dependent Variable: Y				
Method: Least Squares Panel				
Date: 07/05/22 Time: 20:03				
Samples: 2015 2020				
Periods included: 6				
Cross-sections included: 23				
Total panel (balanced) observations: 138				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.47950	0.004358	3093.110	0.0000
XI	0.005414	0.001500	3.609165	0.0005
X2	0.000989	0.000149	6.613843	0.0000
X3	3.770009	1.350006	0.002800	0.9978
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.335345	Mean dependent var	13.50968	
Adjusted R-squared	0.186984	SD dependent var	0.000850	
SE of regression	0.000766	Akaike info criterion	-11.34167	
Sum squared resid	6.58E-05	Schwarz criterion	-10.79016	
Likelihood logs	808.5750	Hannan-Quinn Criter.	-11.11755	

F-statistics	2.260334	Durbin-Watson stat	0.694780
Prob(F-statistic)	0.002012		

Source: Eviews calculation results, processed data (2022)

Adjusted R-squared obtain a value of 0.186984, which means the ability of the independent variables (corporate social responsibility, company size, capital intensity together has an influence on the dependent variable (tax avoidance) of 0.813018% while 0.813018% results from $100\% - 0.186984\% = 0.813018\%$. Hence, there are 813018% which is influenced by another factor outside the model that explains these variables.

7) T-Test Statistics (Partial)

This study used a sample of 138 with 3 independent variables, 1 dependent variable, with a significant level or critical value of 5%. Thus the calculation of ttable is as follows:

$$\begin{aligned} \text{ttable} &= \{\alpha ; \text{df}(\text{nk})\}m \\ &= 5\% ; \text{df} = (138-3) \\ &= 0.05 ; \text{df} = 135 \\ &= 1.97769 \end{aligned}$$

a) The Effect of Corporate Social Responsibility on Tax Avoidance

Based on Table 10, Corporate social responsibility variables obtain a tstatistic value of 3609165 with a significant degree 0.0005. When compared with ttable of 197769, the value of tstatistic is greater than ttable that is $(3609165 > 197769)$ with a significant value $0.0005 < 0.05$. Therefore, it can be said that corporate social responsibility partially affects tax avoidance

b) The Effect of company size on tax avoidance

Based on table 10, company size variables obtain a tstatistic value of 6.613843 with a significant level then compared with ttable of 1.97769, the results obtained tstatistic greater than ttable $(6.613843 > 1.97769)$ with a significant value $0.0001 > 0.05$. Thus, it can be said that the size of the company partially affects tax avoidance.

c) The Effect of Capital Intensity on Tax Avoidance

Based on the output of table 10 above, the capital intensity variable obtain a tstatistic value of 0.002800 with a significant degree 0.9978 then compared with ttable of 1.97769, the results obtained tstatistic smaller than ttable $(0.002800 < 197769)$ with significant value $0.9978 > 0.05$. Hence, it can be said that capital intensity partially has no effect on tax avoidance.

8) F-Test (Simultaneous)

Based on the results of Table 10, obtained Fstatistic value of 2.260334 with a significant level of 0.002012 then compared with Ftable of 2.28. The results of Fstatistic $>$ Ftable $(2.260334 > 2.28)$ with a significant value of $0.002012 < 0.05$, so that it can be concluded that corporate social responsibility, the size of company, and capital intensity simultaneously affect tax avoidance.

4.2. Discussion

4.2.1. The effect of corporate social responsibility on tax avoidance

Based on Table 9, the Corporate social responsibility variable obtain a tstatistic value of 3.609165 with a significant level of 0.0005. When compared with ttable of 197769, the value of tstatistic is greater than ttable, namely $(3.609165 > 197769)$ with a significant value of $0.0005 < 0.05$. Thus, it can be said that corporate social responsibility partially affects tax avoidance. Based on the tests that have been carried out as previously mentioned, this study produces a hypothesis that "There is a significant negative effect between CSR and tax avoidance". This means that if a company actually carries out and discloses its CSR activities, then the level of possibility of a company to do tax avoidance will decrease. This conclusion is obtained because the theory that has been explained by Lanis and Richardson can be proven to be true, because the company is not only concerned with business interests but also social interests. Since if there is a state of a company that is too focused on maximizing profit, the company will be aggressively pursuing a strategy to reduce the tax burden.

This is based on the assumption that, if the company's tax avoidance is greater, it will allocate the capital that should have been allocated to CSR activities to production activities, thereby generating greater profits than if it had focused solely on CSR. Companies with a high level of tax avoidance are assumed to be able to reduce their tax burden through means other than corporate social responsibility.

4.2.2. The effect of company size on tax avoidance

Based on Table 9, the company size variable obtain a tstatistic value of 6.613843 with a significant level then compared with ttable of 1.97769, the results of tstatistic are greater than ttable $(6.613843 > 1.97769)$ with a significant value of $0.0001 > 0.05$. Thus, it can be noted that company size partially affects tax avoidance

On the basis of the results of the analysis and discussion, it can be concluded that company size influences tax avoidance. Large companies will undoubtedly have greater human resources than small companies, allowing them to better manage their tax burden in order to achieve optimal tax savings. The larger a company is, the more complex its transactions will be, allowing it to take advantage of existing tax loopholes and engage in tax aggressiveness.

Large companies will have greater space to carry out good tax planning and effective accounting practices in order to reduce their tax burden. This shows that companies with high levels of fixed assets have a lower tax burden than companies with low fixed assets (Sinaga and Sukartha, 2018). The size of the company can be seen from the total amount of assets owned, the greater the total assets of the company, the greater the size of the company. According to Dewi & Teak (2014) The size of the company is the size of the company which is reflected in the total assets it has. Fixed asset intensity ratio is an activity carried out by a company related to investment in the form of fixed assets (capital intensity) and inventory (inventory intensity) where the capital intensity ratio can show the company's level of efficiency in utilizing its assets to generate sales profit (Ambarukmi & Diana, 2017; NNK Dewi & Jati, 2014; Sinaga & Sukartha, 2018). The large size of the company indicates a large fixed asset, this is what can provide opportunities for companies to minimize the tax burden

4.2.3. The effect of capital intensity on tax avoidance

Based on the result of table 9 above, the capital intensity variable obtain a tstatistic value of 0.002800 with a significant level of 0.9978 then compared with ttable of 1.97769, the results obtained are tstatistic smaller than ttable ($0.002800 < 1.97769$) with a significant value of $0.9978 > 0.05$. Hence, it can be said that capital intensity partially has no effect on tax avoidance. This means making the management control mechanism more effective. So it can be concluded that based on the multiple linear regression analysis that has been done, the variable capital intensity has no effect on tax avoidance.

The results of this study are in line with research previous research (Chiou et al., 2012), (Adisamartha & Noviyari, 2015), (Cahyadi & Merkusiwati, 2016), and (Windaswari & Merkusiwati, 2018) which states that capital intensity does not have a significant effect on tax avoidance. According to Adisamartha & Noviyari (2015) and Windaswari & Merkusiwati (2018), there is no relationship between capital intensity and tax avoidance because manufacturing companies are companies that focus on asset investment. The purpose of manufacturing companies to invest in fixed assets is to support the company's operational activities. Capital intensity is a necessity for the company. The company invests in fixed assets by adding buildings, land, equipment, buildings, machinery, and so on with the aim of supporting the company's operations. In addition, fixed assets are used by the company as an effort to increase company profits.

Companies can maximize profits by having high fixed assets. This is because the high level of fixed assets can encourage an increase in production capacity. Companies are more interested in investing in fixed assets motivated by improvements in operational activities which aim to increase company profits. When a company invests in fixed assets motivated by tax avoidance, there is no correlation because there is an additional asset depreciation expense that makes the company's profit decrease. So the high and low capital intensity has no effect on tax avoidance efforts (Putra & Merkusiwati, 2016).

4.2.4 The effect of corporate social responsibility on company size, capital intensity on tax avoidance

Based on the results of Table 9 obtained Fstatistic of 2.260334 with a significant level of 0.002012 then compared with Ftable of 2.28. The results obtained Fstatistic $>$ Ftable ($2.260334 > 2.28$) with a significant value of $0.002012 < 0.05$ so it can be concluded that corporate social responsibility, company size, capital intensity affect tax avoidance. The results obtained are in accordance with research conducted by Lanis & Richardson (2011), Lanis & Richardson (2012), and Yoehana & Harto (2013).

The results of their research also state that CSR has an effect on tax avoidance. Lanis & Richardson (2011);(2012) that highlight the higher the level of CSR activities and disclosures carried out by a company, the lower the level of tax aggressiveness carried out by the company. Still, the results of this study are in line with research conducted by Dewi and Jati (2014) the size of the company is the size of the company which is reflected in the total assets it has.

The large size of the company indicates that the fixed assets are also large, this is what can provide opportunities for companies to minimize the tax burden, indicating that the size of the company has an effect on tax avoidance. On the other hand, Capital intensity has no

effect on tax avoidance, according to Adisamartha & Noviari (2015) and Windaswari & Merkusiwati (2018), there is no relationship between capital intensity and tax avoidance because manufacturing companies are companies that focus on asset investment. The company invests in fixed assets by adding buildings, land, equipment, buildings, machinery, and so on with the aim of supporting the company's operations.

5. CONCLUSION

5.1. Conclusion

The following is a conclusion that can be drawn based on the findings of the investigation and the discussion that was detailed in the previous section:

- 1) Corporate social responsibility variable obtain a tstatistic value of 3609165 with a significant level of 0.0005. When compared with ttable of 197769, the value of tstatistic is greater than ttable, namely $(3609165 > 197769)$ with a significant value of $0.0005 < 0.05$. Thus, it can be said that corporate social responsibility partially affects tax avoidance.
- 2) The company size variable resulted in tstatistic of 6.613843 with a significant level then compared with ttable of 1.97769, it was obtained that tstatistic was greater than ttable $(6.613843 > 1.97769)$ with a significant value of $0.0001 < 0.05$. Therefore, it can be said that the size of the company partially affects tax avoidance.
- 3) The capital intensity variable obtain a tstatistic value of 0.002800 with a significant level of 0.9978 then compared to ttable of 1.97769, the results of tstatistic are smaller than ttable $(0.002800 < 1.97769)$ with a significant value of $0.9978 > 0.05$. Hence, it can be said that capital intensity partially has no effect on tax avoidance.
- 4) The output results obtained by Fstatistic of 2.260334 with a significant level of 0.002012 then compared with Ftable of 2.28. The results obtained Fstatistic $> Ftable (2.260334 > 2.28)$ with a significant value of $0.002012 < 0.05$ so it can be concluded that corporate social responsibility, company size, capital intensity affect tax avoidance.

5.2. Suggestions

- 1) The government should consider the decisions that will be taken by taking into account the short-term and long-term impacts if the company will carry out tax planning, especially in tax avoidance. There are still many companies that have not disclosed their financial statements in full company management activities, it is hoped that the company can publish its financial statements in full because it is not only beneficial for the company, it can also increase public trust in the company.
- 2) For investors, the Annual Report is a form of communication between the company and the community, so that the public can find out about the company's operational activities and investment activities carried out by the company, the higher the level of a company can provide high information for potential investors for consideration in making investments.
- 3) For future researchers, in order to replace the measurement model approach that can proxy for tax avoidance actions other than the Effective Tax Rate (ETR), adding other variables that can detect tax avoidance activity, and extend the year of observation in order to obtain a larger sample result and it is better to add a sample research, factors

and variables not included in this study, as well as extending the research period so that it will get better results and can provide benefits in the form of knowledge about CSR, company size, and capital intensity that can be used as a reference for further research.

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