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The Effect of Profitability and Leverage on Tax Avoidance with Corporate Social Responsibility as a Moderation Variable

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A B S T R A C T

This study aims to examine the Influence of Profitability (ROA) and Leverage (DAR) on Tax Avoidance (ETR) with Corporate Social Responsibility (CSR) as a moderation variable in energy sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2021 – 2024. The research uses a Quantitative approach. With the purpove sampling technique, 36 samples from 91 companies were produced. Data analysis using panel data regression using EViews 12 SV software. The results show that profitability has a positive and significant effect on ETR, which means that the higher the profitability, the lower the tax avoidance rate. Meanwhile, Leverage has a negative but insignificant effect on ETR. CSR has been proven to be able to moderate the relationship between profitability and leverage to tax avoidance by weakening and strengthening the influence of each variable.

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INTRODUCTION

State revenue from the tax sector is the main pillar of revenue in the state budget which is used to meet government spending needs in the context of national development (Mahadianto, 2017). Taxes play an important role in accelerating development in Indonesia. The role of taxes as a source of state funding is very significant, as seen from tax revenues that have reached more than 75 percent in the last three years. This high tax revenue figure is in line with data published by the Central Statistics Agency (BPS) regarding the realization of government revenue. Data from BPS shows that during the period 2021 to 2023, revenue from taxes was higher compared to non-tax revenue. This increase in tax revenue is important for the government to pay attention to, because taxes have a major role in funding state operational activities (Andoko, 2024).

In practice, there is a difference in purpose between taxpayers and the government. For taxpayers, taxes are considered a cost that can reduce net profit, while for the government, taxes are an important source of financing for national development. This difference in goals encourages some taxpayers to try to reduce the tax burden through tax avoidance measures (Novriyanti et al., 2020).

Tax avoidance is a strategy that is carried out by taking advantage of loopholes or weaknesses in the provisions of applicable tax regulations, so that taxpayers can reduce the amount of tax owed without explicitly violating the rules (Ispriyarso, 2020). There are several factors that affect a company's decision to avoid taxes, including the level of profitability, leverage structure, institutional leadership, company scale, corporate social responsibility (CSR) practices, and capital intensity (Gunita and Oktaviani, 2023) in (rahmanisa, 2024). However, the author limits the variables used in this study, namely Profitability, Leverage, and Corporate Social Responsibility (CSR).

In Indonesia, the phenomenon of tax avoidance has occurred in the company PT Adaro Energy Tbk which transfers pricing by transferring profits to other countries that have lower tax rates or are tax-free. Based on an international NGO investigation report that found indications of transfer pricing through foreign entities. As a result, Adaro's tax payment of USD 125 million was lower than what Indonesia should have received during the 2009-2017 period. The company exploited the loophole in tax regulations by selling coal to Coaltrade Services International at a lower price, then selling it to other countries at a higher price. This strategy reduces taxable income in Indonesia and makes reported profits smaller (Sugianto, 2019) (Andoko, 2024).

The higher the level of profitability of the company, the greater the tendency to practice tax avoidance. This happens because managers try to maximize the company's profits by reducing the tax burden that must be paid to the government (Darsani & Sukartha, 2021). It's different from research Herlina Sari. (2022) This opinion states that companies with high profit levels tend to be better able to meet their tax obligations and manage their revenues. Increased profitability is believed to reduce tax avoidance practices.

Research conducted by Umar et al. (2021) stating that the higher the leverage ratio of a company, the risk of tax avoidance tends to decrease. This is due to supervision from third parties (stakeholders) which encourages companies to be more careful in every decision-making. On the other hand, the research conducted by Wahyuni et al. (2019) stating that the larger the leverage ratio, which indicates the higher the proportion of the company's funding from debt, the higher the interest costs that must be incurred. This interest fee will ultimately reduce the tax burden that the company has to pay. This encourages companies to implement aggressive tax planning strategies to maximize net profit after tax (Lailiyah et al., 2024).

The high practice of tax avoidance in Indonesia is also suspected to be influenced by Corporate Social Responsibility (CSR), In Law No. 36 of 2008, several CSR activities can reduce corporate income tax, so that with the existence of CSR costs, companies can reduce fiscal profits and reduce taxes owed (rahmanisa, 2024). This is often used as an excuse by companies to do tax avoidance. Based on this condition, this study aims to analyze the relationship between profitability and corporate leverage to tax avoidance. In addition, this study also examines the role of CSR as a moderation variable that has the potential to influence the relationship between profitability and leverage with tax avoidance practices

LITERATURE REVIEW

Agency Theory

This research is based on the theory of agency proposed by Jensen and Meckling in 1976, which describes the contractual relationship between managers as agents and company owners as principals. Agency theory explains that agency conflicts (*agency problems*) arises due to differences in position, functions, interests, and backgrounds between the principal and the agent. These differences have the potential to cause conflicts of interest even though both parties are interdependent in achieving the company's goals (Jensen, M. C., and Meckling, 1976).

Tax Avoidance

Tax avoidance is a strategy that is carried out by taking advantage of loopholes or weaknesses in the provisions of applicable tax regulations, so that taxpayers can reduce the amount of tax owed without explicitly violating the rules. This practice is carried out through tax planning which aims to optimize the efficiency of tax expenses. Tax avoidance can be carried out by taxpayers, both individuals and business entities, as an effort to minimize the tax obligations that must be paid to the state (Ispriyarso, 2020). In tax avoidance, the Effective Tax Rate (ETR) is used as one of the indicators of tax avoidance practices. ETR serves as a benchmark to determine the impact of changes in tax policy on the company's tax burden. The higher the ETR value compared to the corporate tax rate in Indonesia, which is 22%, shows the higher the tax burden borne by the company, thus reflecting the lower the tax avoidance efforts made by the company (rahmanisa, 2024).

Profitability

Return on Assets (ROA) is a financial ratio used to assess a company's ability to generate net profit through the utilization and management of its assets (Nurjanah et al., 2025). The company's profitability is one of the important indicators that reflects the sustainability of the business, the level of competitiveness, and the potential for future growth of the company. A high level of profitability provides opportunities for companies to carry out business development and sustainable investments. In addition, the more effective and efficient the company is in managing its operational activities, the greater the company's ability to generate profits (Heliani et al., 2023).

Leverage

A high Debt to Asset Ratio (DAR) reflects that a company's funding structure is dominated by the use of debt. From the perspective of agency theory, this condition can encourage management to practice tax avoidance as one of the strategies in managing cash flow, fulfilling debt payment obligations, and maintaining the company's financial stability (Mulyawan & Mubarrok, 2025). Through the use of debt-based funding, the company has the opportunity to make a larger investment without having to provide all capital needs from the company's internal funds (Agustina Irene et al., 2023). Leverage is a financial ratio used to describe the extent to which a company utilizes debt to finance the company's operational activities and investments (Sahrir et al., 2021).

Corporate Social Responsibility (CSR)

According to the World Business Council for Sustainable Development (WBCSD), the implementation of Corporate Social Responsibility (CSR) by the business world aims to support long-term economic growth through sustainable cooperation with employees, their families, surrounding communities, and other stakeholders. CSR disclosure also plays a role in building a positive image of the company in the eyes of the public, by showing that the company is not solely oriented towards achieving financial profits, but also pays attention to the social and environmental impact of its operational activities (Oktina et al., 2020). The sustainability of economic activities is not only related to social responsibility but also concerns corporate accountability (Marnelly: 2022) in (Dewi & Dewi, 2025).

Conceptual Framework

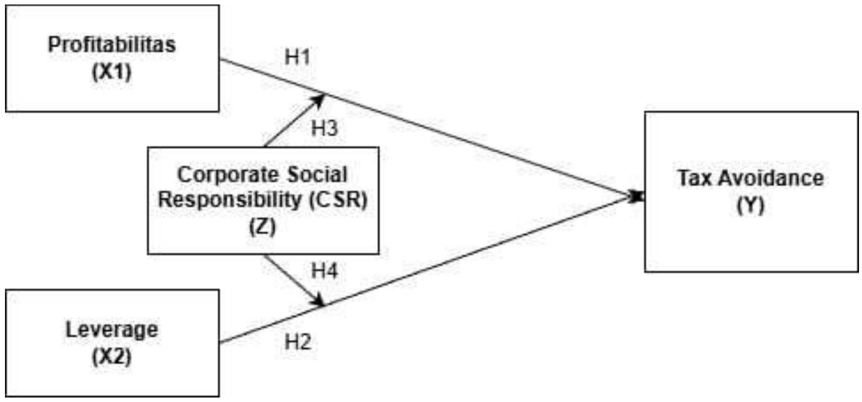

Figure 1. Conceptual Framework

The Effect of Profitability on Tax Avoidance

In line with agency theory, the company's manager as Agents have an incentive to display optimal performance. When the company generates high profits, the tax burden borne by the company also tends to increase, so that it can reduce the net profit in the current period. This condition encourages management to carry out tax avoidance strategies, so that a high level of profitability is often associated with the company's tendency to practice tax avoidance. Tanjaya & Nazir. (2021) Therefore, company management tends to try to carry out various tax avoidance strategies by taking advantage of the opportunities contained in the applicable tax provisions, in order to reduce the tax burden owed so that the profits generated by the company do not experience a significant decrease (Widyastuti Mustika Sari et al., 2021). Based on the exposure that has been described, the following hypotheses are constructed:

H1 : *Profitability has a positive effect on tax avoidance.*

The Effect of Leverage on Tax Avoidance

The high interest burden on the debt borne by the company can serve as a tax burden reduction, so companies with large tax liabilities tend to choose funding through debt rather than using their own capital as a strategy to minimize the tax burden that must be paid (Prasetya & muid, 2022). Companies tend to carry out tax avoidance strategies to ensure their ability to meet all operational obligations, including the payment of interest expenses. The greater the level of debt to creditors, the higher the interest burden borne by the company, thus providing benefits in the form of greater tax deductions (Hermawan et al., 2021). Based on the exposure that has been described, the following hypotheses are constructed:

H2 : *Leverage has a positive effect on tax avoidance*

The Effect of Profitability on Tax Avoidance by Moderating Corporate Social Responsibility

Corporate Social Responsibility (CSR) disclosure has the potential to provide strategic benefits for companies in supporting tax avoidance practices. Companies with high levels of profitability generally have adequate resources to carry out various activities, including allocating a portion of their income to CSR programs. The costs arising from the implementation of social responsibility can reduce the company's accounting profit, which ultimately has an impact on reducing net profit and indirectly reducing the tax burden that must be paid. Abdul at al. (2023) in Dewi & Dewi. (2025) Through corporate social responsibility, the company builds a positive reputation and dispels any suspicion that the company is involved in tax evasion. Based on the exposure that has been described, the following hypotheses are constructed:

H3 : *Corporate social responsibility strengthens the influence of profitability on tax avoidance*

The Effect of Leverage on Tax Avoidance by Moderating Corporate Social Responsibility

The company utilizes debt-based funding to meet operational and investment needs. In these conditions, the company is obliged to fulfill the debt agreement that has been agreed, so management tends to be more careful in carrying out tax planning. Companies with high levels of leverage are generally encouraged to increase transparency through broader disclosure of information. Corporate Social Responsibility (CSR) disclosure in this case can serve as a means to strengthen the trust of external parties and help the company gain legitimacy or recognition from stakeholders. Zanra. (2022) Based on the explanation that has been described, the following hypotheses are constructed:

H4 : *Corporate social responsibility weakens the influence of leverage on tax avoidance*

METHODOLOGY

Population

The population in this study is 91 energy sector companies listed on the Indonesia Stock Exchange (IDX) in 2021-2024.

Sample

This study applies the purposive sampling technique, which is a sample selection method based on certain criteria that are relevant to the research objectives and special considerations of the researcher. The research sample consists of energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. The sample selection criteria include energy sector companies that have consistently published annual *reports* since 2021, published complete sustainability *reports* since 2021, and earned profits in the current year. Based on these criteria, 36 research observations were obtained from a total of 91 energy sector companies listed on the IDX during four years of observation.

Data Types and Sources

This research uses quantitative data sourced from company archive data such as annual financial statements, annual reports and sustainability reports. The data has been processed by the company, and obtained in the form of publications.

Data Collection Techniques

The data collection technique for this research is by analyzing published documents such as annual financial statements, annual reports and sustainability reports through the official websites of energy sector companies listed on the Indonesia Stock Exchange (IDX) in 2021-2024.

Tax Avoidance

Tax avoidance is a strategy carried out by taxpayers to reduce the tax burden that must be beared. In this study, the tax avoidance rate was measured using the Effective Tax Rate (ETR), which is a ratio obtained from the comparison between income tax burden and profit before tax (Pandapotan, 2023). The formula for calculating effective tax rates (ETR) is described as follows:

$$ETS\ (Effective\ tax\ rate) = \frac{Income\ tax\ liability}{Profit\ before\ taxes}$$

Profitability

Profitability in this study is measured using Return on Assets (ROA), which is the ratio obtained from the comparison between net profit and total assets at the end of the period. ROA reflects the company's operational ability to utilize its assets to generate profits. (Gultom, 2021). Return on assets (ROA) can be calculated using the following formula:

$$\textbf{Return on asset (ROA)} = \frac{Net\ Income\ After\ Tax}{Total\ Assets}$$

Leverage

Leverage in this study was measured using the Debt to Assets Ratio (DAR)**)**, which is a ratio that shows the ratio between the company's total liabilities and the company's total assets or capital owned by the company owner (Sinambela & Nuraini, 2021). The higher the leverage ratio, the greater the company's dependence on debt-based funding in carrying out its operational and financing activities (Andalenta & Ismawati, 2022). The debt to assets ratio is calculated using the following formula:

$$DAR(Debt\ to\ asset\ ratio) = \frac{Total\ Debt}{Total\ Aset}$$

Data Analysis Techniques

This study uses multiple linear regression analysis techniques, research with one or more independent variables and one bound variable (Santoso, 2009). Data and hypotheses are analyzed through descriptive statistics. Testing is assisted by the Eviews 12 SV computer program application. Classical assumption tests include normality tests, multicollinearity tests, heteroscedasticity tests, and autocorrelation tests. Multiple linear regression analysis includes t-test, F test, and determination coefficient test.

RESEARCH RESULT

Descriptive Analysis

Table 1. Descriptive Statistics

	ETR	Profitability	Leverage	CSR	Profitability _CSR	Leverage_CSR
Mean	0,267	0,151	0,398	0,592	0,090	0,240
Median	0,220	0,100	0,400	0,580	0.060	0,210
Maximum	2,240	0,620	0,890	0,850	0,410	0,610
Minumum	0,020	0,010	0,050	0,260	0,000	0,030
Std. Dev	0,238	0,140	0,183	0,111	0,086	0,130
Skewness	5,254	1,454	0,263	0,120	1,575	0,679
Kurtosis	39,549	4,640	2,483	2,780	5,296	2,931

Jarque-Bera	8617,605	66,45002	3,247	0,635	90,543	11,048
Probability	0,000000	0,00000	0,197	0,727	0,000	0,003

Based on the results of the descriptive analysis, the Tax Avoidance variable has an average value of 0.267 with a standard deviation of 0.238 and shows extreme data that can be seen from a maximum value of 2.240 and a very high kurtosis value of 39.549. The Profitability variable shows an average probability level of 15.1% while the Leverage variable reflects an average debt level of 39.8% of total assets, and the CSR variable has an average disclosure rate of 59.2%. The Leverage and CSR variables are proven to be distributed normally because they have a probability value above 0.05. Meanwhile, the variables Tax Avoidabe, Profitability and Profitabilitas_CSR have a probability value of 0.0000 ($p < 0.05$) which indicates that these variables are not distributed normally.

Normality Test

Table 2. Normality Test (Jarque-Bera)

Normality Test	Jarque-Bera	Prob
	5,405592	0,067018

Normality tests are performed to test whether the residual in the regression model is normally distributed. The test was carried out using Jarque-Bera statistics by looking at the probability value. If the probability value is greater than 0.05 then the residual is normally distributed. Based on the results of the Jarque-Bera test, a probability value of 0.067018 > 0.05 was obtained, which means that the residual is distributed Normal (Ghozali.I, 2018).

Multicollinearity Test

Table 3. Correlation Matrix (Multicollinearity Test)

Variabel	Prof_X1	Lev_X2	CSR_Z	Prof_CSR _X1Z	Lev_CSR_ X2Z
Profitability (X1)	1,000000	-0,237915	0.038940	0,972617	-0,187749
Leverage (X2)	-0,237915	1,000000	0,196887	-0,198708	0,910384
CSR (Z)	0,038940	0,196887	1,00000	0,193771	0,549868
Profitabilitas _CSR (X1Z)	0,972617	-0,198708	0,193771	1,00000	-0,104973
Leverage_CS R (X2Z)	-0,187749	0,901384	0,549868	-0,104973	1,00000

The multicollinearity test is carried out by looking at the correlation matrix between independent variables, if the correlation value between independent variables is more than 0.90, multicollinearity occurs. (Ghozali.I, 2018). The correlation value of variable ROA and variable DAR is -0.2379 which means a weak and negative correlation. The correlation value of variable ROA and variable CSR is 0.0389, which means that the correlation is very weak and positive. The correlation value of the DAR variable and the CSR variable is 0.1968, which means that the correlation is very weak and positive.

Heteroscedasticity Test

Table 4. Heteroscedasticity Test Results

Variabel	Coefficient	Std.Error	t-Statictic	Prob
C	0,169946	0,069479	2,446005	0,0157
Profitability (X1)	1,131110	0,192427	-0,681349	0,4968
Leverage (X2)	-0,431910	0,129557	-3,333759	0,1108
CSR (Z)	-0,193612	0,120634	-1,604951	0,1108
Profitabilitas_CSR (X1Z)	-0,446627	0,330202	-1,352588	0,1784
Leverage_CSR (X2Z)	0,933149	0,218776	4,265311	0,0000

The occurrence of homocedasticity is a criterion for a good model, in other words heteroscedasticity does not occur (Ghozali.I, 2018). The results of the analysis of the Heteroscedasticity Test show that the probability value of the Profitability variable shows a value of 0.4968 (>0.05) which means that the Profitability variable does not have symptoms of heteroscedasticity. Then, the probability value of the Leverage variable shows a value of 0.1108 (>0.05), meaning that the Leverage variable does not have symptoms of heteroscedasticity. The probability value of the CSR variable showed a value of 0.1108 (>0.05) which means that the CSR variable did not experience symptoms of heteroscedasticity. The probability value of the interaction variable X1Z shows a value of 0.1784 (>0.05) which means that the X1Z variable does not experience symptoms of heteroscedasticity. The probability value of the X2Z interaction variable is 0.000 (<0.05), which means that the X2Z variable experiences symptoms of heteroscedasticity.

Autocorrelation Test

Table 5. Autocorrelation Test (Durbin-Watson)

Model	Durbin-Watson
	1,328974

Being free from autocorrelation is a criterion for a good model (Ghozali.I, 2018). The Durbin-Watson value is 1.328974. In general, if the durbin-watson value is around the number -2 to 2, it is considered to be free of autocorrelation problems. The Dubin-Watson value in this study was 1.328, meaning that this study did not have autocorrection problems.

Multiple Linear Regression Test

ETR = -0,0572 + 0,9572(ROA) - 0,2209(DAR) + 0,4174(CSR) - 1,8332(ROA_CSR) + 0,717(DAR_CSR). Multiple Linear Regression results show that:

1. Profitability (ROA) and CSR disclosure independently have a positive and significant influence on *the Effective Tax Rate* (ETR) because the probability values of 0.0003 and 0.0375 are below 0.05, respectively.
2. Capital structure (DAR) had a negative effect of -0.221 but was not statistically significant (p = 0.3198), which means that the size of the debt did not directly change the effective tax burden in this sample of companies.
3. The results of the interaction variable test showed that Corporate Social Responsibility (CSR) was proven to play a role as a moderation variable, where CSR significantly weakened the influence of ROA on ETR (XZ1 = -1.833; p = 0.0000) and strengthened the influence of DAR on ETR (XZ2 = 0.717; p = 0.0461), so it can be concluded that the level of corporate social concern is able to change the relationship between financial performance and corporate tax policy.

T Test (Partial)

Table 6. T-Test Results

Variabel	Coefficient	Std.Error	t-Statictic	Prob
C	-0,057212	0,118739	-0,481832	0,6307
Profitability (X1)	0,957290	0,256408	3,733464	0,0003
Leverage (X)	-0,220902	0,221247	-0,998443	0,3198
Corporate Social Responsibility (Z)	0,417431	0,198740	2,100393	0,0375
Profitabilitas_CSR (X1Z)	-1,833295	0,418684	-4,378706	0,0000
Leverage (X2Z)	0,057212	0,356276	2,012986	0,0461

The t-test is intended to measure the extent to which the variation of the dependent variable is explained by the influence of the explanatory variable individually (Ghozali.I, 2018).

The following is an explanation of the results obtained in the T test table:

1. Profitability has a probability value of 0.0003 < 0.05, with the value of the coefficient in a positive direction. then the Profitability variable has a significant positive effect on Tax Avoidance.
2. Leverage has a probability value of 0.3198 > 0.05, with a Coefficient value in the direction of Negative. then the Leverage variable has a negative effect but is not significant on Tax Avoidance.
3. The interaction of profitability with the Moderation of Corporate Social Responsibility Towards Tax Avoidance has a probability value of 0.0000 < 0.05 with a coeficien value pointing in the negative direction. This means that CSR variables are able to weaken the positive influence of Profitability on Tax Avoidance.

4. Leverage and CSR interaction has a significant negative effect on ETR with a probability value of 0.0461 and a coefficient of -0.0572. This shows that CSR moderates the influence of leverage on tax avoidance, where in high-leverage companies, the increase in CSR actually encourages a decrease in ETR which indicates an increase in tax avoidance practices.

F Test (Simultaneous)

Table 7. F-Test Results

Model	F-statistic	Probability
	25,98858	0,00000

The F-calculated value is 25.98858 >2.5225 with a probability value of 0.00000 < 0.05. This means that the variables Profitability, Leverage and CSR simultaneously (together) have a significant effect on the ETR variable.

R2 Test (Coefficient of Determination)

Table 8. Coefficient of Determination (R^2)

Models	R-Squared	Adjusted R-Squared	Prob
	0,486782	0,468051	0,00000

R-Squared value: 0.486782 then Adjusted R-Squared value: 0.468051. The value used is an Adjusted R-Squared value of 0.468051, which means that the variable profitability, leverage, and CSR are able to explain the variable Tax Avoidance of 46.80%. Then the remaining 53.20% was explained by other variables outside of the study.

DISCUSSION

The Effect of Profitability on Tax Avoidance

Based on the results of the first hypothesis test (H1), it was found that profitability has a significant positive influence on tax avoidance in energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. This is shown by the probability value (*p-value*) of 0.0003 which is smaller than the significance level of 0.05, so that the influence is statistically significant and the regression coefficient shows a positive direction.

The higher the profitability of a company, the greater the tax burden that must be paid. This encourages companies to look for legal ways to reduce the tax burden. Companies with high profitability certainly have greater resources to allocate their funds to pay for the services of tax consultants or to conduct in-depth learning about tax regulations in finding profitable loopholes and designing legal strategies to minimize tax burdens. On the other hand, there is pressure from company owners or stakeholders who often expect the company's management to maximize profits, triggering the company's management to carry out tax avoidance in order to increase profitability and meet stakeholder expectations. The results of this study are supported by the results of the research Tanjaya & Nazir. (2021) and Darsani & Sukartha. (2021) which states that profitability has a positive influence on tax avoidance. Where in line with agency theory, related to company managers (agents) will try to show good performance by doing tax avoidance to maximize profits.

The Effect of Leverage on Tax Avoidance

The results of the t-test showed that the leverage proxied with the Debt to Asset Ratio (DAR) obtained a probability value of 0.3198 which is greater than 0.05 with a coefficient of -0.2209. This shows that leverage has no significant effect on ETR. Although the coefficient indicates a negative direction, because it is not significant, leverage cannot be stated to affect tax avoidance practices. This can happen because the company has already benefited from tax deductions from debt interest expenses, so no additional strategies are needed to reduce tax burdens. Thus, high and low leverage is not a determining factor in tax avoidance practices in this study sample. These results are in line with research conducted by (Tanjaya & Nazir, 2021) and (Darsani & Sukartha, 2021)

This may be because an entity with too high a level of leverage will make the entity look bad so that the entity will be more conservative on the financial statements for the entity's operations. Debt that is too high can also pose a risk of default and will interfere with the entity's going concern.

The Effect of Profitability on Tax Avoidance by Moderating Corporate Social Responsibility

The results of the t-test on the interaction variables of ROA and CSR showed a probability value of 0.000 which was smaller than 0.05 with a regression coefficient of -1.833. These results show that CSR significantly moderates the influence of profitability on ETR in a negative direction. The negative coefficient shows that CSR weakens the positive influence of profitability on ETR. This means that in companies with a high level of CSR, the increase in profitability is followed by a decrease in ETR, which indicates an increase in tax avoidance practices. These findings suggest that CSR does not necessarily function as a mechanism to control opportunistic behavior, but can instead be used as a legitimacy or imaging tool to cover up tax avoidance practices. These results are in line with research conducted by (Hendrawan, 2025).

The Effect of Leverage on Tax Avoidance by Moderating Corporate Social Responsibility

Based on the results of the t-test, the interaction variable between DAR and CSR leverage obtained a probability value of 0.0461 which is smaller than 0.05 with a coefficient of -0.0572. This suggests that CSR significantly moderates the influence of leverage on ETR. The negative coefficient shows that CSR strengthens the influence of leverage in lowering ETR. Since the decrease in ETR reflects an increase in tax avoidance practices, it can be concluded that in high-leverage companies, increased CSR disclosure actually encourages greater tax avoidance practices. This indicates that CSR can serve as a means of reputation that companies use to reduce public pressure, even if the company still implements tax avoidance strategies. The results of this study are supported by research (Dewi & Dewi, 2025).

CONCLUSIONS AND RECOMMENDATIONS

This study aims to analyze the influence of profitability and leverage on tax avoidance with corporate social responsibility (CSR) as a moderation variable in energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. Based on the results of the tests and discussions that have been carried out, several conclusions can be drawn as follows.

First, Profitability (ROA) has a positive and significant effect on the Effective Tax Rate (ETR). This shows that the higher the company's profitability level, the higher the ETR paid. Because ETR is a proxy for tax avoidance, it can be concluded that companies that have high profitability tend to have a lower tax avoidance rate or are more compliant with tax obligations.

Second, Leverage (DAR) has a negative but insignificant effect, This shows that the high and low level of corporate debt affects tax avoidance practices but is not significant. Thus, leverage is not a determining factor in tax avoidance policies in the companies that are the research sample.

Third, Corporate Social Responsibility (CSR) moderates the influence of profitability on tax avoidance. The results of the study showed that the interaction between ROA and CSR had a negative and significant effect on ETR. This indicates that CSR weakens the positive influence of profitability on ETR. In other words, in companies with a high level of CSR disclosure, the increase in profitability is followed by a tendency to increase tax avoidance practices.

Fourth, Corporate Social Responsibility (CSR) moderates the influence of leverage on tax avoidance. The interaction between DAR and CSR has a negative and significant effect on ETR. This shows that CSR strengthens the influence of leverage in lowering ETR. Since the decrease in ETR reflects an increase in tax avoidance, it can be concluded that in companies with high leverage, the increase in CSR actually encourages greater tax avoidance practices.

ADVANCED RESEARCH

Future research is recommended to expand the sample beyond the energy sector and include a longer observation period to improve generalizability. Additionally, further studies should incorporate other variables such as firm size, corporate governance, and capital intensity to better explain tax avoidance behavior. The use of alternative proxies for tax avoidance, such as CETR or Book-Tax Differences, is also suggested to obtain more robust results. Lastly, future research may explore CSR in greater depth, particularly in distinguishing between symbolic and substantive CSR, and apply more advanced analytical methods to strengthen the findings.

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