

Disclosure of Corporate Social Responsibility, Firm Size, and Capital Intensity: Effects on Tax Avoidance Practices

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ABSTRACT

This study examines the effect of CSR, firm size, and capital intensity on tax avoidance practices using a quantitative approach. The population of this study is manufacturing companies listed on the Indonesia Stock Exchange for the period 2021-2023. Using purposive sampling, 90 companies met the criteria. Panel data regression analysis was conducted using E-Views 12. The results show that CSR and firm size have no significant effect on tax avoidance, while capital intensity has a positive and significant relationship, indicating that a higher proportion of fixed assets is associated with increased tax avoidance. The limitations of this study include the scope of variables and methods, so future research needs to explore additional variables and use a more comprehensive approach.

INTRODUCTION

From the government's perspective, taxes are an important source of revenue for the country. However, for companies, taxes are considered a burden because it can reduce their income, which in turn affects the reduction of firm profits (Zoebar & Miftah, 2020). Taxes are often perceived as a burden by firms because they reduce corporate profits (Rahma et al., 2022). As a result, many taxpayers seek to minimize their tax liabilities (Irawati et al., 2020). As a firm's income increases, so does its tax liability, prompting efforts to reduce the tax burden (Sitorus & Bowo, 2018). One strategy used by firms to reduce their tax liability is tax avoidance. By minimizing tax payments, companies aim to preserve their economic resources (Muardi & Rohmawan, 2022; Saragih et al., 2021). This conflicting interest motivates taxpayers to take advantage of opportunities to reduce taxes, either through legal means or by exploiting loopholes in tax regulations (Siregar & Azzahra, 2022; Tandean, 2016). Tax avoidance can occur within the law by complying with existing tax regulations or through illegal methods that violate tax regulations (Wahdi, 2024; Widarjo et al., 2021). However, even legal tax avoidance often involves interpreting tax laws in ways that deviate from their original intent (Rahma et al., 2022).

Several factors influence a firm's decision to engage in tax avoidance, one of which is CSR disclosure. Companies are obligated to prioritize shareholder profits (economic responsibility) while ensuring that management practices comply with relevant tax laws and regulations (legal responsibility) (Irawan & Muarifah, 2020; N. M. Sari & Meiranto, 2022). One approach used by companies to enhance their legitimacy is through CSR initiatives. CSR represents a firm's ongoing commitment to promoting economic growth in local communities and society at large, while adhering to ethical standards and improving the well-being of employees and their families (Amalia, 2019; Artini & Setiawan, 2021; Maraya & Yendrawati, 2016; Merkusiwati & Damayanthi, 2019; L. L. P. Sari & Adiwibowo, 2019).

Agency theory suggests that agents may prioritize their personal interests; however, CSR initiatives force them to align with the firm's principles (Wahdi, 2024). CSR disclosure serves as a medium for companies to communicate with stakeholders about the societal and environmental impacts of their operations (Artini & Setiawan, 2021). Results from studies on the connection between tax avoidance and corporate social responsibility have been conflicting. Tax avoidance is negatively impacted by CSR disclosure, according to studies by Artini & Setiawan (2021), Itan & Artamevia (2022), Muzakki & Darsono (2015), Prasista & Setiawan (2016), and Zoebar & Miftah (2020). This suggests that companies with greater CSR transparency are less likely to participate in tax avoidance. On the other hand, research by Juliana et al. (2020), Amalia (2019), and Tahar & Rachmawati (2020) reveals a positive correlation, indicating that businesses with more CSR engagement may still avoid taxes.

The size of the firm is another factor expected to influence tax avoidance. Larger firms tend to engage in more extensive economic activities compared to smaller firms. As a firm grows in size, it tends to adopt more meticulous strategies to manage its tax obligations (Krisyadi & Mulfandi, 2021). Several metrics, such as total assets, total revenues, stock market value, and average sales volume, may be used to evaluate the size of a firm (Oktamawati, 2017; Wirianata & Hauw-sen, 2024). The association between business size and tax avoidance has been the subject of several research, with varying degrees of success. Larger companies are more likely to engage in tax avoidance, according to studies by Arta & Zulaikha (2023), Fauziah & Kurnia (2021), Putri & Putra (2017), and Sulaeman (2021), which all point to a positive link. On the other hand, research by Robin et al. (2021), Tahar & Rachmawati (2020), and Ngadiman & Puspitasari (2014) shows a negative correlation, indicating that larger businesses are less likely to dodge taxes.

The last factor believed to influence tax avoidance behavior is capital intensity, which represents the capital a firm allocates to fixed assets. Firms with a higher proportion of fixed assets typically incur higher depreciation costs, which can reduce their taxable profits. As a result, the amount of a firm's fixed assets can have a big influence on how much tax it has to pay (Rahma et al., 2022; Ristanti, 2022). Research on the relationship between capital intensity and tax avoidance has yielded conflicting findings. While studies by Ghozali (2021), Juliana et al. (2020), and Zoebar & Miftah (2020) found no significant effect of capital intensity on tax avoidance, other studies, like Rahma et al. (2022) and Septariani et al. (2022), found that capital intensity has a positive impact on tax avoidance, indicating that companies with more fixed asset investments are more likely to participate in tax avoidance.

There are still contradictory findings from studies on the variables impacting tax avoidance. CSR and tax avoidance are negatively correlated, according to Wahdi (2024), who found that CSR cannot be used as an excuse for tax avoidance. On the other hand, Septariani et al. (2022) discovered that tax avoidance is positively and significantly impacted by both business size and capital intensity. Kirana & Putri (2024) came to the conclusion that tax avoidance is not much impacted by business size or corporate social responsibility. These differences underline the need for more investigation into how business size, capital intensity, and CSR disclosure affect tax avoidance. Clarifying these connections and offering more profound understanding of the mechanisms of tax avoidance are the goals of this study. In order to lessen the incidence of tax avoidance, it also seeks to emphasize how crucial it is to keep an eye on and control the variables that contribute to it.

LITERATURE REVIEW

Agency Theory

A contract in which one or more people (principals) appoint another person (an agent) to do particular duties on their behalf while granting the agent some degree of decision-making authority is known as an agency relationship, according to Jensen & Meckling (1976). This indicates that the agents, who make choices and run the firm on behalf of the proprietors (owners), are given authority (Kholmi, 2015). Agency theory examines the contractual relationship between principals (owners or supervisors) and agents (managers or subordinates) from both behavioral and structural perspectives. In this framework, the principal entrusts the agent with decision-making responsibilities to manage the firm with the expectation that the agent will act in the best interest of the principal (Dayanara et al., 2020). The theory assumes that both the principal and the agent are rational individuals driven by self-interest. However, differences in their beliefs, preferences, and access to information often create conflicts that can affect their decisions and actions (Ristanti, 2022).

Stakeholder Theory

According to Dowling & Pfeffer (1975), legitimacy is a critical resource for an organization, meaning that its survival depends on societal acceptance and support. When an organization's activities deviate from the social contract, it must take corrective action to ensure the sustainability of its operations. One way to do this is through disclosure, which serves as a powerful legitimacy-building tool. It is often easier for a firm to improve its image through the information it shares with the public than by making substantial changes to its performance, operations, or value. Legitimacy theory posits that companies must operate within the boundaries and norms of society to ensure that their activities are consistent with legal and ethical rules. This theory introduces the concept of a social contract between the firm and the community that aims to meet societal expectations. The goal is for the firm to avoid environmental damage and to ensure the health and safety of consumers, employees, and surrounding communities, especially around production or waste disposal sites (Ristanti, 2022).

Corporate Social Responsibility's Impact on Tax Avoidance

According to legitimacy theory, businesses aim to match their operations with the dominant social norms of the community in which they function. Businesses, in particular, have a number of obligations to their stakeholders, including as customers, workers, shareholders, communities, and the environment. This is known as corporate social responsibility, or CSR. Economic, social, and environmental elements of a business's activities are all included in this duty (Zoebar & Miftah, 2020). The promotion of public welfare is a shared objective between taxes and corporate social responsibility. Since tax avoidance is seen as an immoral behavior, a firm's likelihood of engaging in it decreases with its amount of CSR disclosure (Wardani & Mursiyati, 2019).

Numerous researchers have found that CSR has a negative effect on tax avoidance, which supports this theory. These researchers include Dharma & Naniek (2017), Maharani & Merkusiwati (2021), Ristanti (2022), Mardianti & Ardini (2020), Wardani & Mursiyati (2019), and Zoebar & Miftah (2020). The following hypothesis is put up for this investigation in light of these findings:

H₁: Tax avoidance activities are negatively impacted by CSR.

Firm Size Impact on Tax Avoidance

Larger firms generally require more corporate funds compared to smaller firms, which leads to a greater desire for higher returns (Tahar & Rachmawati, 2020). Larger firms tend to manage their resources more effectively through better planning, resulting in a lower cash effective tax rate (CETR). However, as companies grow, their operations become more complex, and this complexity creates opportunities for them to exploit regulatory loopholes, potentially leading to tax avoidance in each transaction. Firm size has a favorable and substantial influence on tax avoidance, according to studies by Putri & Putra (2017), Stawati (2020), Septariani et al. (2022), Siregar & Azzahra (2022), and Sulaeman (2021). This implies that a firm's size has a significant impact on its revenue, which might cause the firm to avoid paying taxes. The following hypothesis can be put out in light of these findings.

H₂: Tax avoidance is positively impacted by firm size.

Capital Intensity Impact on Tax Avoidance

The degree to which a firm invests in inventory and fixed assets is measured by capital intensity (Maharani & Merkusiwati, 2021; Muzakki & Darsono, 2015). Individuals behave in their own self-interest, according to agency theory, and managers seek to maximize their income by enhancing business performance in the interaction between owners (principals) and managers (agents). According to Indonesian tax laws, fixed assets have different useful lifetimes and often depreciate. This depreciation lowers taxable income in the computation of corporate income tax and is shown as a cost in the firm's financial statements. In order to lessen their tax burden, businesses with large fixed assets are more likely to use tax avoidance techniques, which might lower their effective tax rate (ETR) (Juliana et al., 2020; Ristanti, 2022; Zoebar & Miftah, 2020).

This opinion is strongly supported by earlier research, such as that conducted by Ghozali (2021), Ristanti (2022), Mardianti & Ardini (2020), Wati & Astuti (2020), and Zoebar & Miftah (2020). Their findings imply that capital intensity significantly and favorably affects tax avoidance. This implies that businesses that invest more in fixed assets are more likely to evade taxes. These results allow for the proposition of the following hypothesis.

H₃: Tax avoidance is positively impacted by capital intensity.

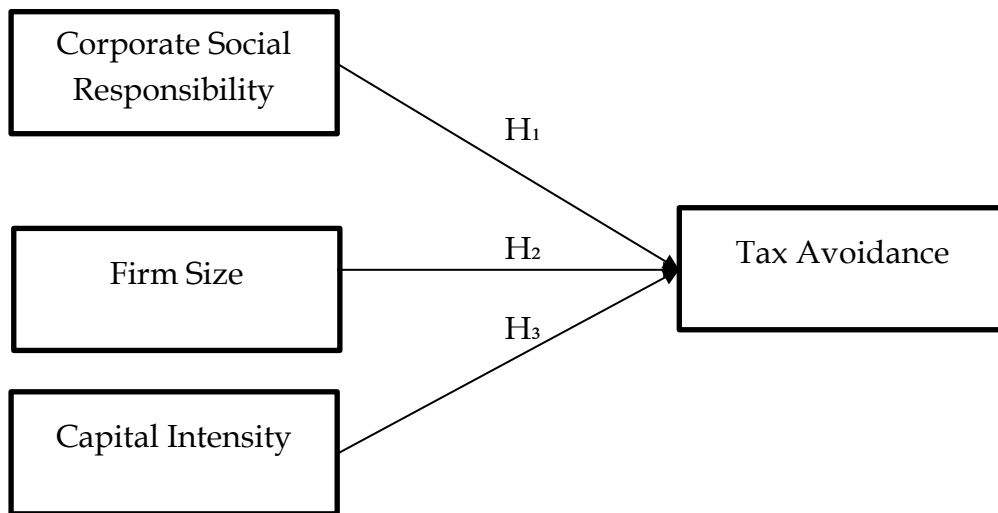


Figure 1. Conceptual Framework

METHODOLOGY

This study use quantitative methodologies and is associative with a causal link. The financial and annual reports of manufacturing businesses listed on the Indonesia Stock Exchange (IDX) for the years 2021–2023 provided the secondary data used in this study. Purposive sampling was used to choose samples from the research population, which includes all manufacturing enterprises listed on the IDX during this time period. To investigate the associations between variables, panel data regression and EViews 12 software are used for data analysis. Among the sampling criteria are: In order to prevent negative ETR values, (i) manufacturing businesses listed on the IDX in 2021–2023, (ii) full financial and annual reports for the same time are available, and (iii) companies that did not experience losses during the period are excluded. Following the elimination procedure, a total of 90 firms (270 observations) remained after 17 companies were eliminated for incomplete reports and 54 companies were eliminated for failing to disclose earnings. A final sample of 83 businesses with 249 observations was obtained after 7 firms with outlier data were eliminated following outlier testing.

Multiple linear regression is used for data analysis, while EViews 12 is used as the data processing tool. The following is the model for multiple linear regression analysis:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + [CX=R] \dots \dots \dots (5)$$

Description:

- Y : Dependent variable
- β_0 : Intercept
- $\beta_1, \beta_2, \beta_3$: Regression coefficients
- X_1 : Corporate Social Responsibility
- X_2 : Firm Size
- X_3 : Capital Intensity

Variable Calculation Formula

Tax Avoidance

The dependent variable in this study is tax avoidance. The term "tax avoidance" describes methods or acts used by taxpayers to lessen their tax liability by taking advantage of flaws in a nation's tax structure. The effective tax rate (ETR), which is determined by dividing income tax cost by pre-tax earnings, is a gauge of tax avoidance. Because it more properly depicts the existence of tax avoidance actions within a corporation, this proxy was selected. Higher ETRs are indicative of less tax avoidance, whereas lower ETRs are indicative of more tax avoidance (Ghozali, 2021).

$$ETR = \frac{\text{Total Income Tax Expenses}}{\text{Profit Before Taxes}} \dots\dots\dots(1)$$

Corporate Social Responsibility

CSR is defined by the World Business Council for Sustainable Development (WBCSD) as a firm's long-term commitment to act morally and positively influence society as a whole (Mardianti & Ardini, 2020). The Global Reporting Initiative's GRI Standard 2021, which has 118 indicators, is used to evaluate CSR disclosure. The following is an expression for the formula used to calculate CSR disclosure:

$$CSRDI = \frac{\text{Number of Company Disclosure}}{\text{Number of Items set by GRI}} \dots\dots\dots(2)$$

Firm Size

Companies are divided into four groups under Law No. 20/2008: micro, small, medium, and big. The firm's total assets and yearly revenue serve as the basis for this categorization. According to Marta and Nofryanti (2023), a firm's size is thought to affect its capacity to pay taxes and may possibly play a role in tax avoidance. The natural logarithm of the firm's total assets is used in this study to calculate firm size (Ciftci et al., 2019). This may be expressed as follows:

$$\text{Firm Size} = \text{Ln}(\text{Total Assets}) \dots\dots\dots(3)$$

Capital Intensity

A firm's level of investment in its fixed assets is measured by its capital intensity. It shows the proportion of the firm's total assets to fixed assets such machinery, equipment, and other real estate (Zoebar & Miftah, 2020). The following formula is used to determine the capital intensity:

$$CAPIN = \frac{\text{Total Fixed Assets}}{\text{Total Assets}} \dots\dots\dots(4)$$

RESEARCH RESULT

Among all manufacturing companies listed on the Indonesia Stock Exchange (IDX) between 2021 and 2023, this study intends to examine the substantial effects of the independent variables – Corporate Social Responsibility (CSR), business size, and capital intensity – on the dependent variable, tax avoidance. Certain predefined sampling criteria were used to choose the research sample. In order to determine the figures for CSR, firm size, and capital intensity, the study's data came from financial and annual reports.

The data processing stage started once all the information and data had been gathered. The program EViews 12 was used for the processing. A summary of descriptive statistics for every research variable was produced based on the data analysis.

Table 1. Descriptive Statistical Analysis

	Tax Avoidance	CSR	Firm Size	Capital Intensity
Mean	0.222879	0.396730	15.06172	0.361522
Median	0.221300	0.364400	14.90620	0.346400
Maximum	0.337600	0.923700	19.91510	0.814400
Minimum	0.149300	0.000000	11.34550	0.000600
Std. Dev	0.047360	0.195760	1.690802	0.205658
Skewness	0.108955	0.281298	0.536000	0.142296
Kurtosis	2.349183	2.223596	3.123638	2.072209
Observations	249	249	249	249

Source: Processed Researcher from Eviews, 2024

Based on the results presented in Table 1, the variables of CSR, firm size and capital intensity show a good distribution and variation. This is evidenced by the fact that the mean of each variable is significantly higher than the standard deviation. Such a condition suggests that the data are fairly evenly distributed around the mean, with a low level of deviation. Therefore, these results indicate that the variation among the data in the sample is relatively stable and consistent.

Table. 2 Model selection test

Chow Test			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.903859	(82, 183)	0.0000
Cross-section square	Chi- 224.224912	82	0.0000
Hausman Test			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.130888	3	0.7696
Lagrange Multiplier Test			
Test Hypothesis	Cross-section	Time	Both
Breusch-Pagan	37.13438 (0.0000)	0.416194 (0.5188)	37.55057 (0.0000)

Source: Processed Researcher from Eviews, 2024

The results of the model tests are shown in Table 2. The fixed effect model (FEM) is superior to the common effect model (CEM) according to the fixed effect significance test, which has a p-value < 0.05 . However, the random effect model (REM) is considered more appropriate than the fixed effect model because the Hausman test yields a p-value > 0.05 . A p-value less than 0.05 indicates that the random effects (REM) model is supported by the Lagrange multiplier test. Therefore, the random effects (REM) model is the most appropriate model selected for this research.

Table 3. Classical Assumption Test

Assumption	Criteria	Results	Description
Multicollinearity	Correlation Coefficient < 0.80	X_1 and X_2 (0.391289 < 0.80) X_1 and X_3 (0.021603 < 0.80) X_2 and X_3 (0.101735 < 0.80)	Meet
Heteroscedasticity	Sig. > 0.05	X_1 (0,6259) X_2 (0,0565) X_3 (0,2765)	Meet
Normality	Sig. KS > 0.05	KS = 0.135869	Meet
Autocorrelation	Du $< DW < 4 - Du$	1,8139 $< 1,8232 < 2,1861$	Meet

Source: Processed Researcher from Eviews, 2024

Table 3 shows some statistical test results that confirm the model is free from classical assumption problems. The correlation coefficients between X_1 and X_2 (0.391289), X_1 and X_3 (0.021603), and X_2 and X_3 (0.101735) are all < 0.80 , indicating that there is no multicollinearity problem. The probability (p-value) for X_1 , X_2 , and X_3 > 0.05 (0.6259, 0.0565, and 0.2765 respectively), indicating that there is no heteroscedasticity. The normality test results in a p-value of 0.135869 > 0.05 , indicating that the data is normally distributed. The results of the Durbin Watson test show a DW value of 1.8232 which is in the range $Du < DW < 4 - Du$ (1.8139 $< 1.8232 < 2.1861$), indicating that the data are free of autocorrelation.

Table 4. Model and Hypothesis Test

Model Test	Results	Conclusion
Anova	Sig. 0,000	The model is deemed fit and may move on for additional analysis because its significance value is less than 0.05.
R-Square	0,180017	The R ² value is 18%, or 0.180017. The coefficient of determination indicates that the 18% of the tax avoidance variable can be described by the independent variables of CSR, firm size, and capital intensity, while the remaining 82% (100 - R ² value) may be explained by additional factors not included in this study model.
Hypothesis Test	Results	Conclusion
CSR on Tax Avoidance	-0.465072, Sig. 0.6423	Hypothesis one rejected
Firm Size on Tax Avoidance	1.185775, Sig. 0,2369	Hypothesis two rejected
Capital Intensity on Tax Avoidance	3.746460 Sig. 0,0002	Hypothesis three accepted

Source: Processed Researcher from Eviews, 2024

The results of the panel data regression are as follows:

$$Y = 0.15744362 - 0.00744607 \cdot X_1 + 0.00286286 \cdot X_2 + 0.06989872 \cdot X_3 + [CX=R]$$

According to the derived coefficients, when X_1 , X_2 , and X_3 are all zero, the intercept ($C(1) = 0.1574$) indicates the expected value of Y as 0.1574. According to the coefficient for X_1 ($C(2) = -0.0074$), Y will drop by 0.0074 for every unit increase in X_1 . All other things being equal, the coefficients for X_2 ($C(3) = 0.0029$) and X_3 ($C(4) = 0.0699$) show that a one-unit increase in X_2 will result in a 0.0029 increase in Y and a 0.0699 increase in Y , respectively. The model's status as a random effects model is confirmed by the value $[CX=R]$.

Table 5's t-test findings for the CSR variable (X_1) reveal a significance value of 0.6423, which is higher than 0.05, and a t-value of -0.465072, which is lower than the t-table value of 1.969694. Consequently, at the 0.05 significance level, CSR has no discernible impact on tax avoidance, as evidenced by the rejection of H_a and the acceptance of H_0 . The significant value for the firm size variable (X_2) is 0.2369, which is higher than 0.05, and the t-value is 1.185775, which is lower than the t-table value of 1.969694. As a result, at the 0.05 significance level, business size has no discernible impact on tax avoidance, with H_a being rejected and H_0 being approved. The capital intensity variable's (X_3) t-

test yields a significance value of 0.0002, which is less than 0.05, and a t-value of 3.746460, which is higher than the t-table value of 1.969694. Consequently, H_0 is disproved and H_a is approved, indicating that capital intensity has a major impact on tax avoidance.

DISCUSSION

Impact of Corporate Social Responsibility (CSR) on Tax Avoidance

According to the study's findings, the t-count of -0.465072 is less than the t-table value of 1.969694, and the significance value of 0.6423 is higher than 0.05. This suggests that tax avoidance is not much impacted by CSR disclosure. Consequently, H_0 is accepted and H_a is denied. This suggests that while a firm's commitment to social responsibility is reflected in increased CSR disclosure, it does not necessarily mean that the firm's tax dodging practices have changed.

The first hypothesis, according to which CSR influences tax avoidance, is thus disproved. These results are in line with a number of other studies that indicate that CSR disclosure has no discernible impact on tax avoidance, such as those conducted by Dharma & Naniek (2017), Kirana & Putri (2024), Rahma et al. (2022), and Wahdi (2024). This suggests that a firm's tax avoidance activities may be shaped more by other considerations. credibility theory is the underpinning hypothesis behind this finding, which contends that businesses may put public credibility through CSR disclosure ahead of tax avoidance. As a result, although CSR disclosure may rise, it has no direct impact on the firm's tax policies (Yulianti, 2023).

Impact of Firm Size on Tax Avoidance

With a computed t-value of 1.185775, which is less than the t-table value of 1.969694, and a significance value of 0.2369, which is greater than the 0.05 threshold ($0.2369 > 0.05$), the results show that the firm size variable has no discernible impact on tax avoidance. This suggests that tax avoidance is unaffected by business size. Consequently, H_0 is accepted and H_a is denied. This suggests that better tax compliance or a higher likelihood of tax avoidance are not always associated with bigger corporate sizes. Consequently, the second theory is likewise disproved.

The size of a firm, whether large or small, does not seem to affect its tax avoidance behavior. In particular, large firms tend to attract more attention from the government and are taxed according to the applicable rules. The lack of impact of firm size on tax avoidance could be attributed to the fact that tax obligations are universal, applying to both individuals and corporations. In addition, large companies often have more resources to meet their tax obligations. Given their long-term business outlook, they typically have less incentive to engage in tax avoidance (Kirana & Putri, 2024). These findings are consistent with studies by Kirana & Putri (2024), Mahdiana & Amin (2020), Oktavia et al. (2020), and Rahmawati & Nani (2021), all of which show that firm size does not significantly affect tax avoidance.

Impact of Capital Intensity on Tax Avoidance

According to the t-test findings, the capital intensity variable has a significance level of 0.0002, which is less than 0.05, and a t-value of 3.746460, which is higher than the t-table value of 1.969694. As a result, H_a is approved while H_0 is disapproved. This implies that a firm's greater capital intensity is linked to a higher likelihood of tax avoidance. These findings are in line with earlier research by Septariani et al. (2022), Rahma et al. (2022), and Safitri et al. (2019), which shown that capital intensity significantly and favorably influences tax avoidance. As a result, this study's third hypothesis is confirmed.

Tax avoidance is significantly positively impacted by the capital intensity variable. Businesses with more fixed asset investments often have lower effective tax rates, according to the positive coefficient. Because the greater depreciation expenditure on fixed assets raises the firm's overall expenses, this decrease in the effective tax rate enhances the possibility of tax avoidance. Agency theory holds that management is more informed than other stakeholders about the firm's financial situation and has a significant say in how investments in fixed assets are distributed. Depreciation expenses and business earnings are thus impacted, which eventually promotes tax avoidance (Rahma et al., 2022).

CONCLUSIONS AND RECOMMENDATIONS

This study looks at how tax avoidance is affected by business size, capital intensity, and CSR. Over the course of three years (2021–2023), 83 manufacturing enterprises made up the sample. To analyze the data, a linear regression model was used. The findings revealed that:

- 1) The impact of corporate social responsibility on tax avoidance is minimal. This implies that a firm's tax compliance and propensity to engage in tax avoidance are unaffected by an increase in CSR.
- 2) Tax avoidance is not much impacted by firm size either. This implies that a firm's compliance with tax laws and its involvement in tax avoidance are unaffected by its size.
- 3) Capital intensity significantly and favorably influences tax avoidance. This implies that a firm is more likely to engage in tax avoidance practices as its capital intensity rises.

ADVANCED RESEARCH

This study has several limitations that future researchers can address to improve the research findings:

- 1) The study includes only three independent variables to examine their effect on tax avoidance.
- 2) The study focuses on a relatively short observation period, from 2021 to 2023.
- 3) The research is limited to manufacturing companies and does not cover all companies listed on the Indonesia Stock Exchange (IDX).
- 4) Some companies' annual reports were incomplete during the observation period, which affects the total number of samples.

Based on these limitations, the researcher makes the following suggestions for future studies:

- 1) Future researchers could include additional independent variables, such as Good Corporate Governance (GCG) or profitability, to examine their effect on tax avoidance. This would expand the scope of the analysis beyond the three variables.
- 2) Future studies could consider using different proxies to measure tax avoidance, such as book-tax difference (BTD) or abnormal book-tax difference (ABTD).
- 3) A longer observation period of more than three years could be used to provide a more comprehensive analysis.
- 4) Future research could expand the sample to include not only manufacturing companies, but also other types of companies listed on the IDX.

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