

The Effect of Leverage, Corporate Social Responsibility (CSR), Institutional Ownership and Company Size on Tax Avoidance

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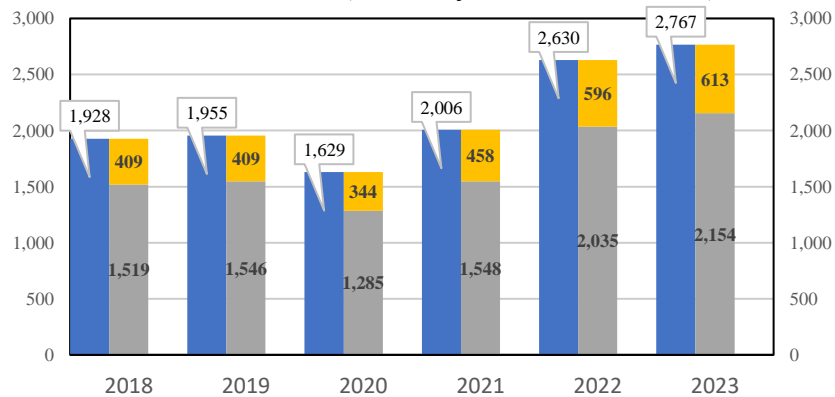
ABSTRACT

The goal of this study is to investigate the impact of leverage, corporate social responsibility, institutional ownership, and firm size on tax avoidance. The study used IDX-listed companies in basic materials industry. The purposive selection technique was used to pick a sample of 31 organizations with a 5-year research period, yielding 155 observations for this study. This study's analysis technique is multiple linear regression, which is operated with SPSS 21. The findings of hypothesis testing reveal that DAR, CSR, KI, and SIZE all have a significant effect on tax avoidance, with a coefficient of determination of 10.7%. DAR and SIZE have a significant effect on tax avoidance. On the other hand, CSR and KI have no effect on tax avoidance.

INTRODUCTION

Taxes are the main source of income for most countries, including Indonesia. In Indonesia, tax revenues make a very large contribution when compared to other revenue sources. Taxes that have been collected by the state are used to support national development such as infrastructure development, health facilities, education and other purposes. Furthermore, taxes are additionally used to finance the state's routine expenditures as set out in the State Budget (APBN).

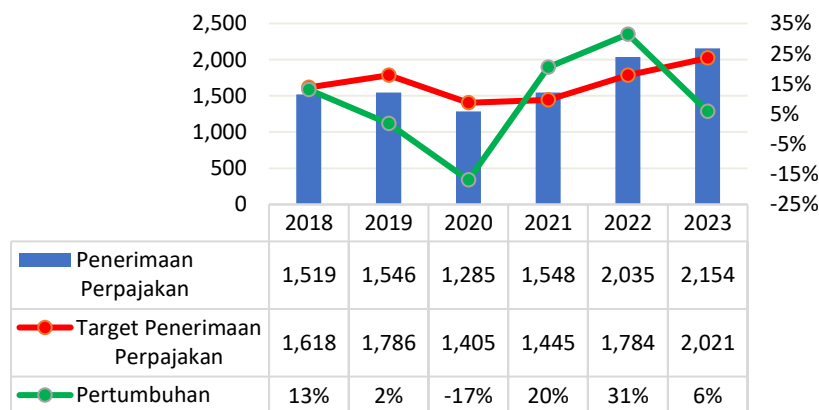
Based on the APBN realization report, state revenue is divided into 2, namely domestic revenue and grants. In Indonesia, domestic revenues is classified into two categories, which are "tax revenue and non-tax revenue". The gap between the two is enormous. The average tax revenue in 2018-2023 was 78% while non-tax revenue was only 22%. This shows that Indonesia relies heavily on taxes as its main source of income (Ministry of Finance, 2023).



Source: APBN 2018-2023

Figure 1. Comparison Chart of Tax Revenue and Non-Tax Revenue 2018-2023 (in trillion rupiah)

Every year the country sets a tax revenue target which is stated in the State Budget (APBN) with the aim of achieving the desired economic growth. However, in reality, the target is often not achieved.



Source: APBN 2018-2023

Figure 2. Tax Revenue Realization Graph 2018-2023 (in Trillion Rupiah)

Figure 2 illustrates the target and realization of tax revenue from 2018 to 2023. The figure presents that the target for tax revenue in 2018, 2019 and 2020 was not achieved, while in 2021, 2022 and 2023 tax revenue began to increase and the target was achieved. In 2018, tax revenue was worth IDR 1,519 trillion and grew by 13% from the previous year. In 2019, it only grew by 2% from the previous year, which was IDR 1,546 trillion. In 2020, there was a very drastic decline of -17% so that tax revenue only reached IDR 1,285 trillion. This was associated to the COVID-19 pandemic, which arose at the end of 2019. The pandemic state had a significant impact on economic activity (Hasyim et al., 2022).

The government issued policies such as lockdowns in several regions, PPKM (Enforcement of Community Activity Restrictions) and Work From Home (WFH). This has caused economic activities to be very limited. Tax revenues in 2021-2022 began to improve and peaked in 2023 where tax revenues reached IDR 2,154 trillion or grew 6% from the previous year. This is an extraordinary achievement because tax revenues reached their highest level and even exceeded tax revenues from the previous 5 years. However, it can be seen that the targets set in 2018 to 2020 were not achieved. This proves that tax collections in Indonesia are still not optimal. The amount of tax revenues can be influenced by many factors, one of which is tax avoidance.

Tax avoidance is one of the tax-planning tactics used by companies to maximize profits. Tax avoidance is a legal step aimed by taking advantage of loopholes in tax laws (Tahar & Rachmawati, 2020). Cases of tax avoidance in Indonesia still often occur. In 2019, a tax evasion case emerged against one of the largest coal trading companies in Indonesia, namely PT. Adaro and its subsidiary Coaltrade Services Internasional Pte. Ltd. based in Singapore. As a result of this case, Indonesia suffered a loss approximately 14 million US dollars per year (Global Witness, 2019). In addition to PT. Adaro, in the same year there was also a tax evasion case involving the cigarette company PT Bentoel International Investama. Tax Justice Network reported that the cigarette company owned by British American Tobacco (BAT) had attempted tax evasion in Indonesia by using PT Bentoel International Investama. This case led Indonesia to face a loss of US\$ 14 million per year (Tax Justice Network, 2019).

Tax avoidance occurs due to differences in views on taxes. From the government's perspective, Taxes are a source of income that funds government services, so the government expects income from taxes to be collected with as much efficiency as possible. Meanwhile, from the company's perspective, tax is an expense that can reduce profits in the current year. This causes companies to aim to minimize the burden of taxes as much as possible (Heriana et al., 2023).

Tax avoidance can be affected by many variables. The first factor that can influence tax avoidance is leverage. Leverage is the total of company debt to funding company assets, so the size of the debt greatly affects the tax expense that must be allocated (Fadhila & Andayani, 2022).

In addition to leverage, tax avoidance is also influenced by corporate social responsibility. Corporate Social responsibility (CSR) defines the responsibility that an organization has towards all stakeholders to mitigate the impact of

corporate activities in the environmental, economic, and social fields. Companies carry out CSR to form a good image for the community by carrying out activities in the economic, social and environmental fields. However, the costs incurred to implement CSR are also used as deductible expenses to reduce profit before tax (Soelistiono & Adi, 2022).

Another possible factor that influences tax avoidance is institutional ownership. Institutional ownership is shares purchased by other organizations such as governments, investment companies, insurance companies, banks, foreign institutions, and other institutions. The higher the proportion of institutional ownership, the less likely the company is to engage in tax avoidance. This explains the function of institutional ownership as a supervisor in the company (Manihuruk & Novita, 2022).

Company/firm size is also thought to affect tax avoidance. Company/firm size is a classification of the size of a company that can be quantified throughout total assets, total sales, profits, tax expenses, and other measurements (Basir, 2023). Oktafiani et al. (2023) stated that the larger the company size, the more complex its business transactions. The growth in the number of assets owned by the company then has an impact on the increase in profits generated which makes the taxes that must be paid even greater. This encourages company management to save taxes by avoiding taxes.

The explanation of the above phenomenon provides an impetus for further research on tax avoidance and the factors that influence it. This study uses basic materials sector companies as research subjects. Basic materials sector companies are companies engaged in the provision of raw materials for use by other industries, for example construction material companies, industrial metals, precious metals, paper and other raw materials. The basic materials sector was chosen because this sector is still rarely used in previous studies. Research subjects that are often used in previous research are the manufacturing and mining sector

This study intends to deliver empirical evidence on tax avoidance and the factors that motivate it. In this study, leverage, CSR, institutional ownership, and company size are used as independent variables. Furthermore, tests will be performed to figure out whether leverage, CSR, institutional ownership, and company size can all have an impact on tax avoidance, either partially or simultaneously.

LITERATURE REVIEW

Agency Theory

Agency theory is a contract between one or more principals and an agent to run a company on favor of the principal involving the delegation of decision-making authority (Jensen & Meckling, 1976). Agency relationship is a mutual relationship between two individuals, one side (agent) agrees to engage on behalf of another side (principal) (Schroeder et al., 2014).

The agency relationship can be described as the relationship between shareholders (principals) and company management (agents). Shareholders expect management to generate profits and improve shareholder welfare, while

management tries to make decisions that benefit themselves and do not consider the interests of shareholders.

The agency relationship related to taxation can be seen from the relationship regarding the government as principal and the company as agent. The government views revenue from taxes as the main source of income, while companies consider taxes as a cost that can reduce shareholder welfare. This demonstrates the difference in interests that occurs in the agency relationship where the government tries to optimally collect taxes from the company, while the company tries to reduce tax expense that has to be paid to the government as an a regulator.

Tax Avoidance

Companies consider taxes as costs that can cause the company's income to decrease so that they can affect the company's financial performance. Therefore, companies will make various efforts to save or reduce tax burdens. Taxpayers' efforts to minimize tax burdens can be done in various ways, both ways that are still within the framework of tax regulations and ways that violate tax regulations. Simon James & Christopher Nobes (1983) in Suandy (2006) describe the difference between tax avoidance and tax evasion. Tax avoidance refers to tax affairs engineering that is still within the framework of tax provisions (lawful), while tax evasion is outside the framework of tax regulations (unlawful). Apart from the main purpose of tax avoidance, companies must also dare to bear the risks caused by these actions. Some costs or sacrifices that must be borne when carrying out tax avoidance actions are time, energy and risk if tax avoidance actions are revealed. These risks can be in the form of fines, interest or even ruined the company's reputation, thus threatening the company's survival (Armstrong et al., 2012).

Leverage

Leverage is a scale used by companies to assess the ability of debt to finance company assets (Kasmir, 2017). The high level of leverage value indicates that the company relies on debt as its main source of funds. The excessive level of debt also has an impact on the high interest expense that must be paid. Interest expense on debt are used as an approach to carry out tax avoidance practices, because the higher the interest expense, the lower the profit before tax. Subsequently, the tax charge that must be paid is also smaller. This causes companies with high leverage are likely to be aggressive in avoiding taxes.

H1: Leverage has an effect on tax avoidance

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is an effort made by companies as a form of responsibility towards stakeholders for the company's operational activities. This responsibility includes social, economic, and environmental aspects. Compliance in paying taxes is also a form of corporate responsibility towards stakeholders, namely the government and society. Taxes that have been paid will be managed by the government and used for the welfare of society.

According on the explanation above, it can be concluded that companies that disclose CSR should not get involved in tax avoidance. The higher the CSR disclosure, the lower the probability of the company avoiding tax. However, this statement opposes the results of research by Soelistono & Adi (2022) which states that “the higher the CSR, the higher the probability of the company avoiding tax. companies try to improve the impact of their business in the form of CSR. However, the costs incurred in activities are also used as deductible expenses to reduce the amount of tax. Companies have a tendency to use CSR as a tool to avoid taxes while sustaining the company's reputation”s.

H2: Corporate Social Responsibility (CSR) has an effect on tax avoidance

Institutional ownership

Institutional ownership is the ownership of company shares purchased by other institutions which is calculated by comparing total institutional ownership with total shares outstanding (Afrika, 2021). Institutional ownership is one indicator in realizing good corporate governance. Based on agency theory, principals and agents often have different goals in decision making. In this case, institutional ownership is present to supervise the opportunistic behavior of agents or managers.

Basir's (2023) and Septanta's (2023) studies serve empirical evidence that institutional ownership affects tax avoidance. A company's level of tax avoidance decreases as its proportion of institutional ownership increases.

H3: Institutional Ownership has an effects on tax avoidance

Company Size

Company size is defined as a scale used to categorize companies. Generally, company size is calculated by total assets held by a company, total annual sales, total profits generated and total capital. Companies with large assets will be better able to generate large and stable profits than companies with small assets. Large and stable profits encourage companies to take tax avoidance actions because the greater the profit generated, the greater the tax that must be paid (Oktafiani et al., 2023). Companies with huge total assets can take benefit of the depreciation of their assets to reduce the tax charge. Company size is gradually proportional to the amount of resources owned by the company. The bigger the company, the more it has, so big companies try to enhance company profits (Heriana et al., 2023).

H4: Company size has an effects on tax avoidance

H5: Leverage, Corporate Social Responsibility (CSR), institutional ownership, and company size has an effect on tax avoidance simultaneously.

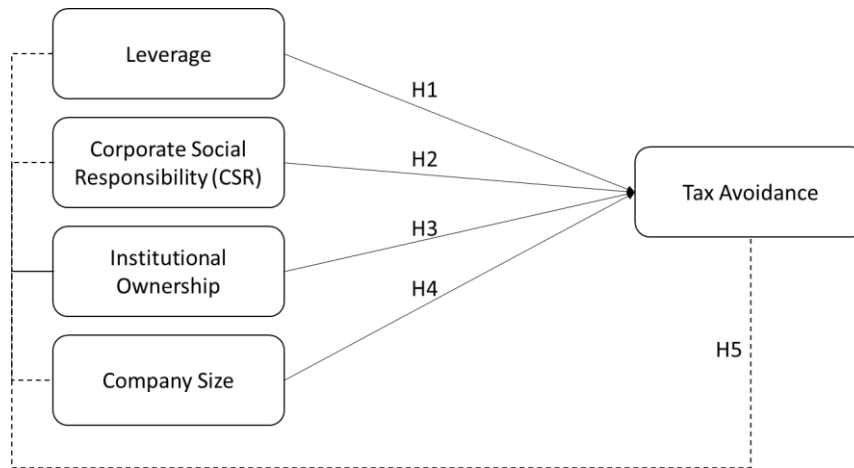


Figure 3. Conceptual Framework

METHODOLOGY

A quantitative approach was applied in this study to accomplish the research purpose (Sujarweni, 2015). This study uses secondary data that gathered using the documentation method. The data in this study were earned trough the IDX website, which is www.idx.co.id. This study uses basic materials industry as the population, totaling 82 companies. The sample in this study was decided using the purposive sampling technique with certain parameters or requirements (Sujarweni, 2015).

Table 1. Purposive Sampling Process

No	Sample Kriteria	Amount
1	Basic materials sector companies listed on the Indonesian Stock Exchange (IDX) in 2019-2023	82
2	Basic materials sector companies that experience a loss during 2019-2023	(44)
3	Basic materials sector companies that do not publish annual reports for the 2019-2023 period consecutively	(1)
4	Basic materials sector companies that do not have data related to variables	(6)
	Total companies that meet the criteria	31
	Total Observations (5 year)	155
	Outlier Data	(30)
	Total Observations	125

(Source: data processed by researchers, 2025)

Basic materials companies that are selected as samples shown as follows:

Table 2. List of Company Names

NO	CODE	COMPANY NAME	NO	CODE	COMPANY NAME
1	ALDO	Alkindo Naratama Tbk.	17	IPOL	Indopoly Swakarsa Industry Tbk
2	ANTM	Aneka Tambang Tbk.	18	KDSI	Kedawung Setia Industrial Tbk.
3	BMSR	Bintang Mitra Semestaraya Tbk	19	LTLS	Lautan Luas Tbk.
4	BRPT	Barito Pacific Tbk.	20	MDKA	Merdeka Copper Gold Tbk.
5	BTON	Betonjaya Manunggal Tbk.	21	MDKI	Emdeki Utama Tbk.
6	CITA	Cita Mineral Investindo Tbk.	22	MOLI	Madusari Murni Indah Tbk.
7	CLPI	Colopak Indonesia Tbk.	23	PBID	Panca Budi Idaman Tbk.
8	DPNS	Duta Pertiwi Nusantara Tbk.	24	SMGR	Semen Indonesia (Persero) Tbk.
9	EKAD	Ekadharma International Tbk.	25	SMKL	Satyamitra Kemas Lestari Tbk.
10	ESIP	Sinergi Inti Plastindo Tbk.	26	SPMA	Suparma Tbk.
11	IFII	Indonesia Fibreboard Industry	27	SRSN	Indo Acidatama Tbk
12	IGAR	Champion Pacific Indonesia Tbk	28	TALF	Tunas Alfin Tbk.
13	INCI	Intanwijaya Internasional Tbk	29	TBMS	Tembaga Mulia Semanan Tbk.
14	INCO	Vale Indonesia Tbk.	30	TKIM	Pabrik Kertas Tjiwi Kimia Tbk.
15	INKP	Indah Kiat Pulp & Paper Tbk.	31	UNIC	Unggul Indah Cahaya Tbk.
16	INTP	Indocement Tunggul Prakarsa Tbk			

(Source: www.idx.co.id)

Operational variables in the research include the following:

Table 3. Operasional Definition Variables

Variables	Definition	Indicator	Scale
Tax Avoidance (Y)	Tax avoidance is an action carried out legally and safely for taxpayers because it does not violate tax regulations, where the methods and techniques used are by exploiting weaknesses (grey areas) contained in the tax regulations themselves to reduce the amount of tax owed.	ETR = Income tax expense / Profit before tax	Ratio

Variables	Definition	Indicator	Scale
Leverage (X ₁)	Leverage is the total debt used by a company to fund operational activities. A high amount of debt will result in high interest costs, which can reduce profit before tax.	DAR = Total Debt / Total Assets	Ratio
CSR (X ₂)	CSR is a commitment from the business world to behave ethically and contribute to economic development while improving the quality of life of the workforce and society for the sustainability of the business.	CSRI = Number of CSR items disclosed / Total disclosure items	Ratio
Institutional ownership (X ₃)	Institutional ownership is the ownership of company shares by other institutions, such as financial institutions, insurance companies, and the government.	KI = Total of Institutional Ownership/ Total of outstanding shares	Ratio
Company size (X ₄)	Company size is a scale of grouping companies based on specified standards such as total assets, profits generated, capital owned. This study uses total assets multiplied by Ln.	SIZE = Ln (Total Assets)	Ratio

(Source: data processed by researchers, 2025)

Coefficient of determination tests (R²), simultaneous tests (F tests), partial tests (t-test), and classical assumption testing are all included in this study. Multiple linear regression is used in this study to ascertain whether independent variables have an impact on the dependent variable. The following is a representation of the regression model used in this study:

$$ETR = \alpha + \beta_1 DAR + \beta_2 CSRI + \beta_3 KI + \beta_4 SIZE + \varepsilon$$

Description:

ETR : Tax Avoidance

α : Constant

β : Regression Coefficients

DAR: Leverage

CSRI: Corporate Social Responsibility Indexes

SIZE: Company Size

ε : Standard Error

RESEARCH RESULT

Normality Test

The Kolmogorov-Smirnov test for normality in Table 4 provides a result of 0.483, which is higher than 0.05. The model regression fulfills the normality assumption, as shown by the results by the Kolmogorov Smirnov test.

Table 4. Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		125
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,05966971
Most Extreme Differences	Absolute	,075
	Positive	,075
	Negative	-,071
Kolmogorov-Smirnov Z		,838
Asymp. Sig. (2-tailed)		,483

(Source : SPSS Output, 2025)

Multicollinearity Test

The multicollinearity test estimation in table 6 confirm that the VIF values of all independent variables are less than 10 and the tolerance values of all independent variables are over 0.10. According to these calculations, it is possible to conclude that the model regression applied is not multicollinear.

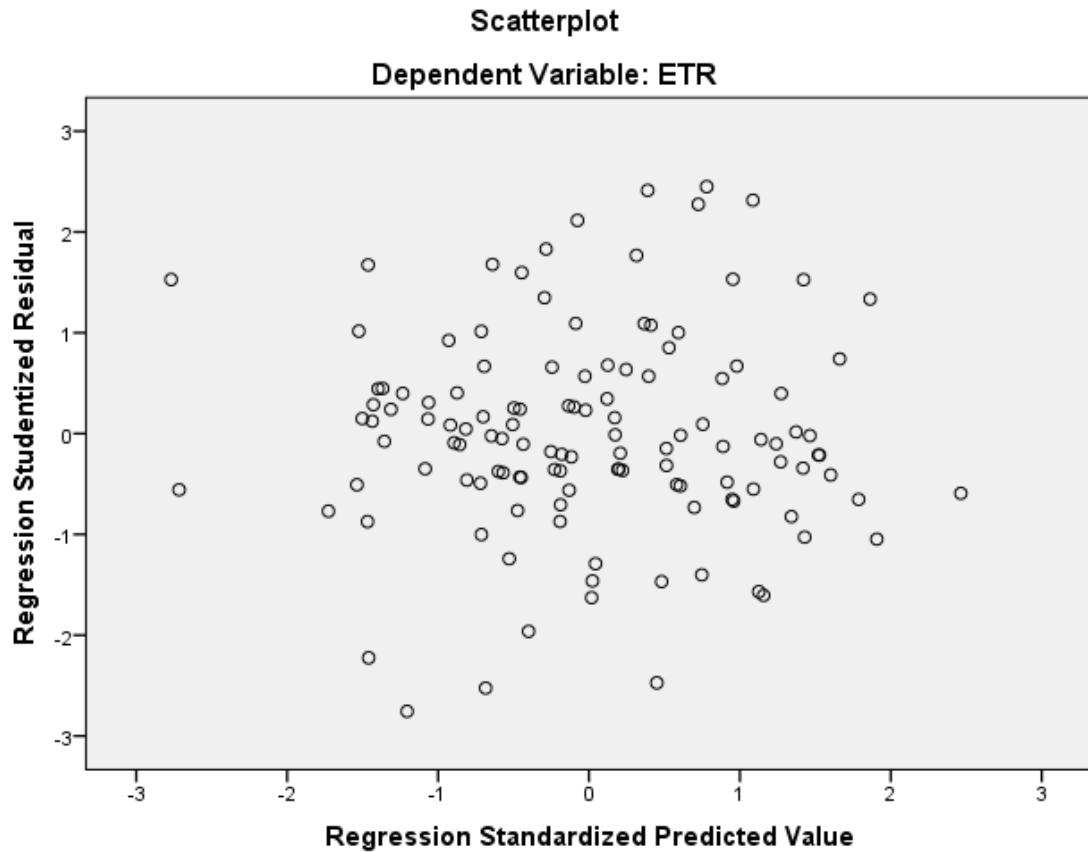
Table 5. Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
1		
DAR	,749	1,335
CSR	,978	1,022
KI	,996	1,004
SIZE	,750	1,333

(Source : SPSS Output, 2025)

Heteroscedasticity Test

The model regression passes the heteroscedasticity assumption, as shown through the scatterplot results of the heteroscedasticity test in Figure 4 below, which indicate that the points spread out without creating a pattern.



(Source : SPSS Output, 2025)

Figure 4. Grafik Scatterplot

Autocorrelation Test

Table 7 is autocorrelation testing results which indicate that the DW value is 1.464. With n (125), k (4), and alpha 5% are applied, the dL value is 1.6426, while the dU value is 1.7745. As a result, $4-dL = 4-(1.6426) = 2.3574$ and $4-dU = 4-(1.7745) = 2.2255$. The DW value is lower than the dU value and higher than $4-dU$ ($1.7745 < 1.464 < 2.2255$), according to the Durbin-Watson autocorrelation test results, which indicates that autocorrelation does not exist in the regression model.

Table 6. Uji Autokorelasi (Durbin Watson)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,368 ^a	,136	,107	,06066	1,464

a. Predictors: (Constant), SIZE, KI, CSR, DAR

b. Dependent Variable: ETR

(Source : SPSS Output, 2025)

Multiple Linear Regression Test

Table 7. Multiple Linear Regression Test Outcome

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	,083	,059		1,423	,157
DAR	,116	,029	,388	3,953	,000
CSR	-,031	,016	-,164	-	,059
KI	,027	,028	,084	1,906	,325
SIZE	,004	,002	,225	,989	,024

(Source : SPSS Output, 2025)

On Table 8, the multiple linear regression formula obtained is:

$$ETR = 0,083 + 0,116 \text{ DAR} - 0,031 \text{ CSR} + 0,027 \text{ KI} + 0,04 \text{ SIZE} + \varepsilon$$

The regression equation above can be explained which as follows:

1. The tax avoidance variable has a constant value of 0.083, indicating that the variables leverage, CSR, institutional ownership, and company size are all regarded as constant.
2. The leverage variable (DAR) has a regression coefficient of 0.116, which indicates that, assuming the independent variable stays constant, tax evasion will increase by 0.0116 units for every unit increase in leverage (DAR).
3. The CSR variable's regression coefficient is -0.031, which indicates that, assuming all other factors stay the same, every unit rise in CSR will result in a 0.031 unit drop in tax avoidance.
4. The institutional ownership variable (KI) has a regression coefficient of 0.027, which indicates that, assuming all other factors stay the same, every unit increase in KI will result in a 0.027 unit rise in tax avoidance.
5. The firm size variable (SIZE) has a regression coefficient of 0.004, meaning that, assuming the independent variable stays constant, tax evasion will rise by 0.004 units for every unit increase in company size.

Partial Test (t-test)

The calculation of decision making to accept or refuse the hypothesis can be settled by paying attention to its significant value $\alpha = 0.05$. If the significant level is less than 0.05, then H_0 cannot be accepted and H_a is accepted, meaning that the independent variable partially affected the dependent variable. Conversely, if the significant level is greater than 0.05, then H_0 is accepted and H_a cannot be accepted, meaning that the independent variable partially cannot affected the dependent variable. The results of the ttest can be explained as follows:

1. The t-value for the leverage variable on tax evasion is 3.953, with a significant value of $0.00 < 0.05$. H_0 is rejected due to a significant level

below $\alpha = 5\%$, but H_a is approved. These findings suggest that the leverage variable has a partial influence on tax evasion.

2. The t-value for the Corporate Social Responsibility (CSR) variable on tax evasion is -1.906, with a significant value of $0.059 > 0.05$. Because the significant level exceeds $\alpha = 0.05$, H_0 is accepted and H_a is rejected. These findings indicate that the Corporate Social Responsibility (CSR) variable has no partial effect on tax evasion.
3. The t-value for institutional ownership on tax evasion is 0.989, with a significant value of $0.325 > 0.05$. The significant level is bigger than $\alpha = 0.05$, thus H_0 is accepted, but H_a is not. These findings indicate that the institutional ownership variable has no partial effect on tax evasion.
4. The t-value for the firm size variable on tax evasion is 2.292, with a significance level of $0.024 < 0.05$. Since the significant threshold is less than $\alpha = 0.05$, H_0 cannot be accepted, but H_a is. These findings indicate that the firm size variable has a partial influence on tax evasion.

Simultaneous Test (F-test)

Table 8. F Test Result

ANOVA ^a						
Model	Sum of Squares	Df	Mean Square	F	Sig.	
1 Regression	,069	4	,017	4,708	,001 ^b	
Residual	,441	120	,004			
Total	,511	124				

a. Dependent Variable: ETR

b. Predictors: (Constant), SIZE, KI, CSR, DAR

(Source : SPSS Output, 2025)

Table 9 is simultaneous test results show that the F test value is 4.708 with the level of significance 0.001. It is less than 0.05 (sig. <0.05) based on the test significance value of 0.001. Oppose F_{count} and F_{table} conclude the F test. The formula $F_{table} = k; n-k$ is used to determine F_{table} . ($F_{table} = 4; 125 - 4 = 121$) The F_{table} value is 2.45. Therefore, it can be argued that the variables leverage, CSR, institutional ownership, and firm size all have an impact on tax avoidance simultaneously because the F_{count} value of 4.708 is more than the F_{table} value of 2.45 with a significance of 0.001.

Coefficient of Determination Test

Table 9. Result of the Determination Coefficient Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,368 ^a	,136	,107	,06066	1,464

a. Predictors: (Constant), SIZE, KI, CSR, DAR

b. Dependent Variable: ETR

(Source : SPSS Output, 2025)

Table 10's R Square value of 0.136, or 13.6%, supports the findings of the determination coefficient test. This finding indicates that the dependent variable, tax evasion, can be explained by all independent factors utilized in this study leverage, corporate social responsibility (CSR), institutional ownership, and firm size by 13.6%. This implies that factors not included in this study account for or have an impact on the remaining influence of 86.4%.

DISCUSSION

The Effect of Leverage on Tax Avoidance

The results confirm that leverage can positively and significantly affect tax avoidance. The higher the leverage, the higher the ETR, which indicates that the level of tax avoidance is low. Based on this statement, it can be concluded that leverage has a negative effect on tax avoidance.

This statement is supported by research conducted by Basir (2023). "This is due to the interest expense that arise from the use of debt for financing which reduces profit before tax. High interest expense will affect the company's tax burden, so the higher the leverage, the lower the likelihood of a company avoiding tax. Conversely, the lower the leverage value, the higher the level of tax avoidance. The lower the leverage level, the higher the company's ability to generate profits. This also causes the possibility of the company avoiding taxes to be higher" (Basir, 2023).

The results of this study are supported by the results of research conducted by Ainniyya et al. (2021) which tested the effect of leverage calculated by DER proxy on tax avoidance. The study proved that leverage has a negative effect on tax avoidance. Companies with high leverage have fewer motives to abstain from taxes because they have received tax benefits on interest expenses (Ainniyya et al., 2021).

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

The test results prove that the CSR variable does not have a significant effect on tax avoidance. This can be interpreted that the level of CSR disclosure cannot influence company's decision to engage in tax avoidance.

This result can be supported by research by Syahzuni & Sari (2023). CSR activities are not a method that companies will use to avoid taxes, because CSR is a company's social activity towards its environment (Syahzuni & Sari, 2023). Research data shows that in the basic materials sector companies, the average CSR disclosure is 64%. The high disclosure rate indicates that the company is still compliant with tax regulations and does not carry out tax avoidance.

The Effect of Institutional Ownership on Tax Avoidance

The test results provide evidence that institutional ownership has no effect on tax avoidance. Institutional ownership is the ownership of company shares by other institutions, such as financial institutions, insurance companies, and the government (Manihuruk & Novita, 2022).

The test results prove that institutional ownership has no significant effect on tax avoidance. This can be interpreted that the high or low institutional ownership owned by the company cannot influence the company's decision to

avoid taxes. Institutional ownership in basic materials sector companies has a fairly large average, namely 68%. This means that the other 32% is filled with family ownership, managerial ownership, government, and the community. The high proportion of institutional ownership can suppress deviant behavior of managers to avoid taxes because investors from institutions can act as supervisors of the company's operations.

The results of this study are supported by Basir's research (2023) which states that "the higher the value of institutional ownership, the lower the level of tax avoidance in the company. This is because the function of the institution that supervises management so that unwanted things do not happen. Even so, the impact of institutional ownership on tax avoidance is not significant, so it can be concluded that institutional ownership has no effect on tax avoidance."

The Effect of Company Size on Tax Avoidance

The test results show that ETR is positively impacted by firm size. It is determined that company size has a negative impact on tax avoidance because a high ETR predicts little tax avoidance. This suggests that the degree of tax evasion decreases with the size of the business. Conversely, the degree of tax evasion increases with the size of the business. Research by Zaenuddin & Dyarini (2023) supports this claim, indicating that the larger the corporation, "the lower the tax avoidance act. In order to preserve their reputation, big companies will carefully planned their taxes to create the ideal tax burden and reduce their motivation to evade taxes".

The study's findings are additionally consistent with research by Tanjaya and Nazir (2021), which found that businesses with higher total assets typically had more consistent profits than those with lower total assets. "Large companies are considered to be more capable to pay taxes on time and without evading them. Furthermore, as big companies are the focus of both public and governmental attention, it is crucial to preserve the company's reputation by abstaining from tax evasion".

The Effect of Leverage, Corporate Social Responsibility (CSR), Institutional Ownership and Company Size on Tax Avoidance

The first hypothesis test in this study provided a significance value of $0.001 < 0.05$ ($\alpha = 5\%$). This finding shows that leverage, Corporate Social Responsibility (CSR), institutional ownership, and firm size all influence tax avoidance simultaneously.

The determination coefficient test findings showed a R Square value of 0.136, or 13.6%. This finding indicates that the independent variables that were used in this study, namely leverage, Corporate Social Responsibility (CSR), institutional ownership, and firm size, can explain the dependent variable, namely tax avoidance, by 13.6%. This also implies that the remaining influence of 86.4% is explained or influenced by variables that were not used in this study.

CONCLUSIONS AND RECOMMENDATIONS

The following conclusions are drawn from research looking at the relationship between tax avoidance and leverage, corporate social responsibility, institutional ownership, and company size:

- a) Leverage has a significant influence on tax avoidance in basic materials industry for the 2019–2023.
- b) Corporate Social Responsibility has no influence on tax avoidance in basic materials industry for the 2019–2023.
- c) Institutional Ownership has no influence on tax avoidance in basic materials industry for the 2019–2023.
- d) Company Size has no influence on tax avoidance in basic materials industry for the 2019–2023.
- e) Simultaneously, leverage, Corporate Social Responsibility (CSR), Institutional Ownership, and Company Size occur significant influence on tax avoidance in basic materials industry for the 2019–2023.

ADVANCED RESEARCH

This research is expected to be used as a reference to improve the results of similar research in the future. Further research can complement this research by adding research sectors so as to obtain a comparison between the two sectors. Variable indicators should be more than one so that the results can be more concrete. Further researchers can also add relevant variables to get a greater value of the coefficient of determination. Behind all the shortcomings and limitations in this research, The author expects that this study might be implemented as a reference by future researchers.

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