

The Effect Of Corporate Social Responsibility As A Deductible Expense On Tax Aggressiveness

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Abstract

The purpose of this study was to determine the effect of Corporate Social Responsibility (CSR) as a deductible expense on tax aggressiveness. The independent variable in this study is CSR, which is measured using CSR disclosure based on the components of CSR-related costs that may be deductible to gross income (deductible expense) as stated in Law Number 36 of 2008 concerning Income Tax. Control variable in this study is capital intensity, while the dependent variable used is tax aggressiveness as measured by the effective tax rate. The regression model used in this study is the panel data regression model, which was processed using eviews software version 13. The research sample was selected using a purposive sampling method and obtained 60 sample food and beverage sub-sector manufacturing companies that meet the criteria and are listed on the Indonesia Stock Exchange (IDX) for the period 2018–2021. The research results obtained show that Corporate Social Responsibility (CSR) and capital intensity have no effect on tax aggressiveness.

Keywords

Corporate Social Responsibility, deductible expense, tax aggressiveness

1. Introduction

Indonesia's economy is largely driven by increased household consumption and one of the fastest growing industries is the food and beverage industry. The food and beverage industry in Indonesia has increased from 2020 to 2021 by 2.54 percent to IDR 775.1 trillion. The Central Statistics Agency / Badan Pusat Statistik (BPS) reported that the gross domestic product (GDP) of the national food and beverage industry at current prices (ADHB) amounted to IDR 1.12 quadrillion in 2021. This value is 38.05 of the non-oil and gas processing industry or 6.61 percent of the national GDP which reached IDR 16.97 quadrillion (source: www.kemenkeu.go.id).

The company has a short-term goal of seeking maximum profit, but the company's long-term goals should also not be ruled out, such as carrying out Corporate Social Responsibility (CSR) activities as an effort by the company to help protect the environment as a result of operational activities carried out. Awareness of the importance of protecting the environment is not only based on the company alone but also stakeholders so that this is what encourages companies to disclose CSR activities carried out (Awuy et al., 2016).

The enactment of laws that require companies to carry out CSR has not yet fully contributed to sustainable development. Companies usually report their CSR activities in their annual report. This makes the government overwhelmed in supervising CSR activities carried out by companies. In 2017, the government through the Financial Services Authority (OJK) issued regulation number 51/POJK.03/2017 concerning the implementation of sustainable finance for financial services, issuers, and public companies.

The implementation of CSR activities and the obligation to produce a sustainability report can create new problems if it is related to the obligation to pay taxes. According to Aguilera et al., (2007), paying taxes is one form of CSR activities. UU No 25 Tahun 2007 and No 40 tahun 2007 make companies feel burdened to carry out obligations in the form of CSR which should be voluntary.

The existence of regulations that require companies to report their CSR activities needs to be balanced with the provision of incentives or facilities for companies that disclose CSR. Providing incentives or facilities can make companies to carry out CSR activities voluntarily and not be burdened just to fulfill their obligations.

UU NO. 36 Tahun 2008 on income tax provides convenience or incentives for CSR programs as stated in article 6 section 1 that there are CSR components that are allowed as deductible expenses in the calculation of taxable income as shown in table 1.

Table 1: Corporate Social Responsibility (CSR) Disclosure Index

Indicator	Description
1	Waste processing costs
2	Scholarship, internship, and training fees
3	Donations for national disaster relief
4	Contributions to research and development
5	Social infrastructure development costs
6	Donations of educational facilities, which are donations in the form of educational facilities delivered through educational institutions
7	Donations for sports coaching

When it comes to Taxation, Taxes are very important in economic development in Indonesia, because taxes are the largest source of state revenue that will be used for infrastructure development, routine state financing, and other functions. Considering the importance of taxes for a country, the government seeks to carry out various programs and regulations to maximize tax revenue. The government made various breakthroughs and policies as outlined in the 2019 State Budget, for example, the Tax Expenditure (2019) (kemenkeuy, 2019). This intersects with the interests of the government and taxpayers which are inversely proportional, where the government wants taxpayers to pay taxes but on the other hand taxpayers make efforts to minimize paying taxes.

According to Frank et al., (2017), efforts made by companies to reduce their tax obligations are called tax aggressiveness. CSR disclosure is one way to practice tax aggressiveness by classifying it into the deductible expense group (Zsazya, 2019). Tax aggressiveness through CSR can be done because the government does not determine the CSR activities that must be carried out by a company. Companies in reporting CSR activities adhere to the Global Reporting Initiative (GRI), thus companies are freed to carry out their CSR activities, on the other hand this can be a practice of practicing tax aggressiveness by manipulating CSR activities. To measure tax aggressiveness using Effective Tax Rate (ETR). ETR in applying the effectiveness of a company in managing its tax burden. Measurement using ETR with the total income tax expense compared to profit before tax (Jafar & Diana, 2020). The resulting ETR value will provide an overview of whether the company has been effective in processing its tax burden, characterized by an ETR that is lower than the established tax rate. If the ETR value owned by the company is lower, the level of tax aggressiveness is higher, because the low ETR value will show that the company's income tax burden is smaller than pre-tax income Leksono et al., (2019).

The phenomenon of tax aggressiveness is still common in Indonesia in recent years, the author observes that several manufacturing companies in the food and beverage sub-sector from 2018 to 2019 show that the company's ETR value is below 25%, which is below the applicable corporate income tax rate in accordance with UU no 36 tahun 2008, and in 2021 the average ETR value of manufacturing companies in the food and beverage sub-sector is 18%, where this value is still below the applicable tax rate based on Perpu No.1 Tahun 2020 and the Omnibus Law Taxation cluster where the Corporate Income Tax rate is 19%. This shows that the level of tax aggressiveness of manufacturing companies in the food and beverage sub-sector is quite high.

Table 2: Average ETR Value

Years	Average ETR Value	Applicable tax rate
2018	22%	25%
2019	23%	25%
2020	18%	19%
2021	18%	19%

On the other hand, the phenomenon related to CSR indicated as a loophole for tax aggressiveness can also be seen in the case of PT Indofood Tbk in Medan in 2019, where B3 (Hazardous Toxic Material) waste was found scattered around the company environment. PT Indofood Tbk was also found not to have a temporary disposal site (TPS) building from the remaining production products to be disposed of. This is not in line with the concept of CSR which should pay attention to the condition of the surrounding environment because it can harm many parties. The reason why there are still cases regarding CSR activities indicates the lack of seriousness of the company in implementing CSR activities. Based on the results of research featured in the Social Responsibility Journal in April 2019, the level of CSR disclosure according to observations from 75 companies listed on the IDX randomly selected as samples is less than 40%. The results of descriptive statistical analysis show an average of only 36.74% of the total nine disclosure items reported by the sample companies. This can be interpreted that the level of compliance and CSR disclosure in Indonesia is still low (Cahaya, 2020).

Several previous studies have shown different results regarding the relationship between CSR and tax aggressiveness. Lely, et al (2019) suggest that CSR disclosure affects tax avoidance. The higher the company discloses CSR, the higher the company's tax avoidance. Meanwhile, the results of research by Faridatul, et al (2018) show that there is no significant influence between CSR on tax aggressiveness even though the direction of the relationship shown is positive.

This study chose the object of food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2018-2021. The reason for choosing the object is based on the phenomenon of tax avoidance practiced by business actors in the food and beverage sub-sector in Indonesia, there are still problems with CSR activities by food and beverage sub-sector companies, on the other hand the food and beverage industry sub-sector is also a mainstay sector that has a major contribution to national economic growth and tax revenue. The food and beverage industry is also one of the sectors that contributes greatly to national investment, this industry contributed up to Rp56.60 trillion in 2018 and the food and beverage industry grew by 7.91% which exceeded national economic growth at 5.17% (kemenperin.go.id) so that the object of this research uses the food and beverage sub-sector.

Based on the background and phenomena that occur, the identification of problems in this study are : [1] There are still companies that have problems with CSR activities. [2] Supervision of CSR activities carried out by companies is still low. [3] Tax aggressiveness in manufacturing sector companies in the food and beverage sub-sector is still high. [4] CSR is one aspect of reducing taxation or becoming a tax incentive as a deductible expense.

1.1 Objectives

The purpose of this study was to determine the effect of Corporate Social Responsibility (CSR) as a deductible expense on tax aggressiveness.

2. Literature Review

The theories used as a foundation in this research are theories related to Tax Aggressiveness and Corporate Social Responsibility and other supporting theories.

According to Budianty (2018) Legitimacy is one of the theories related to accounting and the environment. Legitimacy Theory is a theory that focuses on the interaction between society and companies. Legitimacy theory states that organizations continuously try to ensure that they carry out activities in accordance with the limits and norms of society.

One of the company's obligations is to pay taxes to the government. The higher the income of a company, the greater the tax burden that must be paid. In other areas, there are several ways that can be used by taxpayers (in this case companies) in order to illegally reduce their tax burden such as earnings management, profit smoothing, financial statement manipulation, and transfer pricing. Tax aggressiveness is an attempt to reduce the responsibility / burden of taxation by contradicting the policy or spirit of government legislation Bird & Davis-Nozemack (2018).

According to Suripto (2019) in agency theory there is an agreement or contract between resource owners and managers that aims to manage or run the company to achieve the company's main goal of seeking maximum profit, so that it can allow managers to prioritize these goals by doing various ways, both good and bad ways.

In agency theory, information differences often occur, both the information received by the principal and the agent. Principals or company owners have less information about the company than agents or company managers. This can allow managers to take their own actions and benefit themselves. Where management reports financial statements with higher profits to get additional income, even though these financial statements will be used as management material to report quality financial reports in order to give a positive sign to investors. Based on this, the agency theory has a bond to the act of tax aggressiveness carried out by the company. This happens because of differences in interests.

Awareness of the importance of protecting the environment is not only based on the company but also stakeholders so that this is what encourages companies to disclose CSR activities carried out (Awuy et al., 2016). According to Holme & Watts (2006) Corporate Social Responsibility (CSR) is a social obligation that focuses on the company's social environment. CSR is a concrete action of the company ethically, contributing to economic success, and improving the quality of life of employees, communities and society as a whole. Companies have a very important role in CSR disclosure. According to Ghazali & Chariri, (2016) the implementation of CSR activities is also known as CSR disclosure, which is a procedure by which companies disclose information about their activities that have an impact on social and environmental situations.

The company's awareness of its social responsibility and so does the tax responsibility it must pay. This is in line with previous research conducted by Saputra et al., (2020) the higher the corporate social responsibility, the less likely it is to do tax avoidance, Rismawati et al. (2023) the higher the level of Corporate Social Responsibility can be reflected in the company's compliance attitude in paying the tax burden in accordance with the applicable laws and regulations.

3. Methods

The research object determined in this study is the variable Corporate Social Responsibility (CSR) and tax aggressiveness in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange in 2018-2021.

This study aims to examine the relationship between Corporate Social Responsibility (CSR) on Tax Aggressiveness in manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange in 2018-2021. In this study, researchers used capital intensity as a control variable as a controller so that the relationship between the independent variable and the dependent variable was not influenced by external factors that were not studied. The method used in this research is quantitative method.

4. Data Collection

The type of data to be used is secondary data, which is sourced from the annual reports of food and beverage sub-sector companies that publish their financial statements and annual reports on the Indonesia Stock Exchange (IDX) on the website <http://www.idx.co.id> for the period 2018 to 2021.

The population in this study were 31 companies in the food and beverage sub-sector manufacturing sector listed on the Indonesia Stock Exchange (IDX) for the 2018-2021 period. The reason the researchers chose the food and beverage sub-sector manufacturing sector companies is because it is still a mainstay sector as a support for the growth of the manufacturing industry in Indonesia, as well as a sector that is experiencing rapid growth, is needed in daily needs, and is categorized as a large-scale company which tends to affect CSR which has implications for tax revenue.

The population is obtained from data on manufacturing companies in the food and beverage sub-sector that publish financial reports on the Indonesia Stock Exchange (IDX) in the 2018-2021 period. The population taken with a span of 4 years is due to developing previous research which on average takes a small sample.

In this study, capital intensity was chosen as the control variable. Capital intensity or capital intensity ratio describes the ratio between fixed assets such as equipment, machinery and various other properties to total assets Puspita & Febrianti (2017) in Zobar & Miftah (2020). Therefore, the indicator used to measure capital intensity is total fixed assets divided by total assets.

The data analysis technique used is descriptive statistics and panel data regression analysis. Panel data is a combination of time series data and cross section data, where the same cross section unit is measured at different times. This research uses Econometric Views (Eviews) version 13 software.

5. Results and Discussion

5.1 Numerical Results

The data analyzed are CSR disclosures contained in the annual report and/or sustainability report published by each company. The data are as follows:

1. CSRD Disclosure

Table 3: CSR Disclosure on Company Sample Research

NO.	Emiten	CSRD			
		2018	2019	2020	2021
1	CAMP	0,14	0,14	0,43	0,29
2	CEKA	0,57	0,43	0,71	0,43
3	CLEO	0,14	0,29	0,43	0,57
4	DLTA	0,29	0,14	0,43	0,43
5	GOOD	0,57	0,57	0,57	0,57
6	HOKI	0,43	0,29	0,29	0,14
7	ICBP	0,29	0,29	0,29	0,29
8	INDF	0,43	0,43	0,43	0,43
9	MLBI	0,57	0,71	0,71	0,71
10	MYOR	0,29	0,57	0,57	0,29
11	ROTI	0,43	0,43	0,43	0,43
12	SKBM	0,43	0,43	0,57	0,71
13	SKLT	0,29	0,71	0,57	0,57
14	STTP	0,29	0,71	0,71	0,29
15	ULTJ	0,57	0,71	0,57	0,71

Based on table 3 above, we can see that the highest disclosure value is obtained at 0.71, which means that 71% of CSR measurements use costs related to deductible expenses applied by the company. This means that 5 out of 7 cost instruments of CSR activities have been disclosed by the company and contained in its annual report or sustainability report.

2. Capital Intensity (CAPIN)

Table 4: Capital Intensity in Research Sample Companies

NO.	EMITEN	CAPITAL INTENSITY			
		2018	2019	2020	2021
1	CAMP	0,34	0,32	0,31	0,25
2	CEKA	0,31	0,23	0,19	0,20
3	CLEO	0,76	0,81	0,81	0,79
4	DLTA	0,09	0,09	0,10	0,10
5	GOOD	0,63	0,61	0,65	0,61
6	HOKI	0,35	0,43	0,53	0,55
7	ICBP	0,59	0,57	0,80	0,71
8	INDF	0,66	0,67	0,77	0,70
9	MLBI	0,57	0,60	0,59	0,58
10	MYOR	0,28	0,33	0,35	0,35
11	ROTI	0,57	0,60	0,65	0,69
12	SKBM	0,52	0,51	0,46	0,41
13	SKLT	0,52	0,52	0,51	0,51
14	STTP	0,52	0,60	0,56	0,49
15	ULTJ	0,50	0,44	0,36	0,35

Based on table 4 above, the calculation of capital intensity has been done as the control variable in this research. The calculation of capital intensity uses the formula of net fixed assets compared to total assets (Nugraha & Meiranto, 2015). Capital intensity is a ratio that shows the level of efficiency in the use of capital that has been invested in the company. The highest value of capital intensity, which is 0.81, is the company PT Sariguna Primatirta Tbk in 2019-2020. This means that the company describes 81% of the fixed assets owned by the company from its total assets.

3. Tax Aggressiveness

Table 5: ETR on Research Sample Companies

NO.	EMITEN	ETR			
		2018	2019	2020	2021
1	CAMP	0,26	0,23	0,22	0,21
2	CEKA	0,25	0,24	0,22	0,21
3	CLEO	0,22	0,24	0,21	0,21
4	DLTA	0,23	0,23	0,25	0,22
5	GOOD	0,27	0,25	0,28	0,22
6	HOKI	0,25	0,27	0,25	0,31
7	ICBP	0,28	0,28	0,26	0,20
8	INDF	0,33	0,33	0,30	0,22
9	MLBI	0,27	0,26	0,28	0,24
10	MYOR	0,26	0,24	0,22	0,22
11	ROTI	0,32	0,32	0,18	0,25
12	SKBM	0,24	0,28	0,31	0,24
13	SKLT	0,19	0,21	0,24	0,17
14	STTP	0,21	0,21	0,19	0,19
15	ULTJ	0,26	0,25	0,22	0,17

Based on table 5, we can see that the highest tax aggressiveness value of 0.33 was found in the company PT Indofood Sukses Makmur Tbk in 2019, while the lowest value of 0.17 was found in the company PT Ultrajaya Milk Industry and Trading Company Tbk in 2021. The ETR value in the table above is obtained from the tax expense formula compared to profit before tax Naibaho & Sudjiman (2022). The higher the ETR value, the smaller the tax aggressiveness and vice versa (Rismawati, 2023). In the table above, we can see the highest aggressiveness in the company PT Ultrajaya Milk Industry and Trading Company Tbk in 2021, while the lowest tax aggressiveness was in the company PT Ultrajaya Milk Industry and Trading Company Tbk in 2021.

5.2 Graphical Results

Based on three analysis models, namely, common effect model, fixed effect model, and random effect model can be used to conduct panel data regression. Each model has benefits and drawbacks. The researcher's assumptions and appropriate statistical data processing standards determine the selection of a statistically justified model. Consequently, the first step is to select the most appropriate model from the three available models. The regression results of the three models are as follows:

1. Chow Test

The calculation results of the Chow Test are presented in the following table

Table 6: Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.425463	(14,43)	0.0132
Cross-section Chi-square	34.922401	14	0.0015

Based on the test results above, the Prob. Cross-section Chi-square value is 0.0015 < 0.05, so it can be concluded that the best model chosen is the Fixed Effect Model (FEM).

2. Hausman Test

The calculation results of the Hausman Test are presented in the following table:

Table 7: Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.129574	2	0.9373

Based on the test results above, the Prob. Cross-section random is 0.9373 > 0.05, so the best model chosen is the Random Effect Model (REM).

3. Lagrange-Multiplier (LM) Test

This test is conducted to determine whether the Random Effect Model is better than the Common Effect Model. The calculation results of the Lagrange-Multiplier Test are presented in the following table:

Table 8: Lagrange-Multiplier (LM) Test Results

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	5.745279	4.153611	9.898891
	(0.0165)	(0.0415)	(0.0017)
Honda	2.396931	2.038041	3.135999
	(0.0083)	(0.0208)	(0.0009)
King-Wu	2.396931	2.038041	2.856405
	(0.0083)	(0.0208)	(0.0021)
Standardized Honda	2.936975	2.700978	0.441117
	(0.0017)	(0.0035)	(0.3296)
Standardized King-Wu	2.936975	2.700978	0.788872
	Test Hypothesis		
	Cross-section	Time	Both
Gourieroux, et al.	--	--	9.898891

			(0.0026)
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Based on the test results above, the Prob. Breusch-Pangan is $0.0165 < 0.05$, so the best model chosen is the Random Effect Model (REM). So based on the 3 tests that have been carried out above, it can be concluded that the best model that can be used for this research is the Random Effect Model (REM).

Classical Assumption Test

1. Normality Test

The normality test is carried out to determine whether the data collected has a normal distribution so that it can be used in parametric statistics. This can be done using the eviews normality program to determine whether the Jarque-Bera (JB) value fits the data. If the probability value of the test result is greater than 0.05, it is a normal distribution.

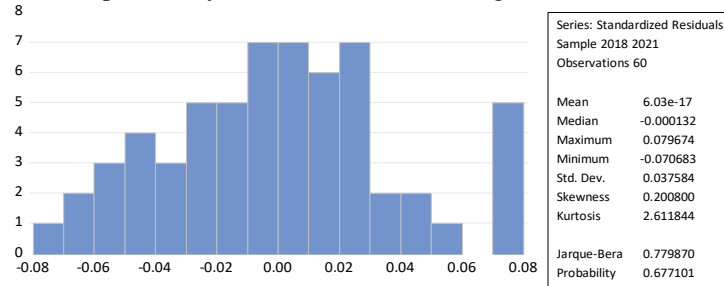


Figure 1: Normality Test Results using the REM model

The normality test results on the CSR and CAPINT variables show that the probability value < 0.677101 . It shows that the null hypothesis is accepted and means that the overall variable is normally distributed.

2. Multicollinearity Test

In this study, the multicollinearity test was carried out by looking at the lower significance value below 0.80.

Table 9: Multicollinearity Test Results

	X1	X2
X1	1.000000	0.067367
X2	0.067367	1.000000

Based on the multicollinearity test on the significance value of the independent variables below the value of 0.80. Thus, it can be concluded that there is no multicollinearity problem between the independent variables in the regression model.

3. Heteroscedasticity Test

To detect heteroscedasticity, it can be done with the Glejser Test, which regresses the absolute value. If the probability value of the test results > 0.05 means that there is no heteroscedasticity problem.

Table 10: Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.011487	0.010439	1.100397	0.2758
X1	-0.009885	0.016177	-0.611062	0.5436
X2	0.045947	0.014973	3.068780	0.3288

Based on the results of the heteroscedasticity test, the p-value of variable X (CSR & CAPINT) > 0.05 , it can be concluded that this data is free from heteroscedasticity problems.

5.3 Validation

Add any validation here including improvement with statistical hypothesis tests write here (10 font)

Panel Data Regression Analysis

Panel data regression analysis is used to determine the effect of Corporate Social Responsibility as a deductible expense on Tax Aggressiveness. The results of panel data regression analysis are shown in the following equation:

Table 11: Panel Data Regression Analysis Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.236506	0.023310	10.14616	0.0000
X1	-0.027352	0.031462	-0.869346	0.3883
X2	0.038759	0.035810	1.082352	0.2837

$$ETR = 0.236506 - 0.027352 \text{ CSR} + 0.038759 \text{ CAPINT}$$

As a result of the regression equation, it can be interpreted as follows:

- 1) If all independent variables are zero, then ETR (variable Y) will be represented by a constant value of 0.236506.

- 2) The coefficient value of CSR (X1) is - 0.027352. This shows that assuming a one unit increase in CSR, when all other factors remain constant, this will result in a decrease in ETR of 0.027352.
- 3) The CAPINT (X2) coefficient value is 0.038759. This indicates that assuming a one unit increase in CAPINT, when all other factors remain constant, this will result in a decrease in ETR of 0.038759.

Hypothesis Test

1. T Test

This test is used to show how far the influence of one independent variable on the variation of the dependent variable as a whole. The research test results are as follows:

Table 12:Random Effect Model T Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.236506	0.023310	10.14616	0.0000
X1	-0.027352	0.031462	-0.869346	0.3883
X2	0.038759	0.035810	1.082352	0.2837

Based on table 4.11, the data obtained from the t test results for each variable:

a. CSR variable (X1)

CSR has no impact on ETR because it has a probability value of 0.3883 > 0.05.

b. Capital Intensity Variable (X2)

Capital Intensity has no impact on ETR because it has a probability value of 0.2837.

2. F Test

The F test was conducted to evaluate the relationship between the independent variable and the dependent variable.

The research test results are as follows:

Table 13:Random Effect Model F Test Results

R-squared	0.032582	Mean dependent var	0.144879
Adjusted R-squared	-0.001363	S.D. dependent var	0.032337
S.E. of regression	0.032359	Sum squared resid	0.059685
F-statistic	0.959849	Durbin-Watson stat	1.501072
Prob(F-statistic)	0.389053		

Based on the test results above, the fcount value is 0.959849 and the Prob. value is 0.389053 > 0.05. So, it can be said that all independent variables have no impact on the dependent variable together.

Coefficient of Determination

The Coefficient of Determination (R²) shows how well the model's ability to explain the relationship between the independent variables and the dependent variable. It also shows how far the model's ability to explain the independent variables.

Based on the test results above, the R-squared value is 0.032582, which is 3.26%, which means the percentage contribution of the influence of the independent variable on the dependent variable. So the Independent variables in this study explain 3.26% of the variation in the ETR variable. While the remaining 96.74% is influenced by other variables that are not measured in this regression model.

Analysis of the Effect of CSR on ETR

The results show that CSR as a deductible expense has no impact on tax aggressiveness proxied by ETR. With an ETR that is almost zero, the ETR proxy indicates the presence of tax aggressiveness. Food and beverage companies in Indonesia on average experienced losses in 2019, which reduced their tax burden and caused the ETR value to be negative. A negative ETR value indicates that the food and beverage companies' tax aggressiveness plan will not succeed. Taxation regulates two costs that have an influence on taxable income, namely deductible expense and non-deductible expense.

Although food and beverage companies do CSR, the tax burden is not very large because some of the deductible expenses are not applied in their entirety to the company. In general, companies only disclose 2 out of 4 (CSR) deductible expenses. This shows that CSR is not part of the company's efforts to conduct legal tax aggressiveness. This is in accordance with research conducted by Faniya et al., (2021) and Puspita & Sudarno, (2021) which say that CSR as a deductible expense has no effect on ETR.

6. Conclusion

This study aims to determine the effect of corporate social responsibility categorized as a deductible expense which is proxied using the CSR disclosure index (CSRDI) on tax aggressiveness in manufacturing sector companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange for the period 2018-2021. Based on the results of the analysis, the conclusions that can be drawn from this research are as follows:

1. In general, companies only disclose 2 out of 4 (CSR) deductible expenses. This indicates that CSR is not part of the company's efforts to conduct legal tax aggressiveness.
2. Based on the research results, it shows that CSR as a deductible expense and capital intensity control variables have no effect on tax aggressiveness.
3. The author observes that there are many other factors that allow CSR not to be used as a deductible expense, such as: there are differences in reporting between commercial financial statements and fiscal reports based on the Pph law, as well as recognition of income and expenses that have differences on the fiscal side of the report. As for other factors such as, manufacturing sector companies in the food and beverage sub-sector do carry out CSR activities, but the components included in the deductible expense are not entirely applied by the company so that the tax burden is not too much.
4. In this study, capital intensity has no effect on tax aggressiveness because the depreciation costs incurred from fixed assets are not able to optimize the tax burden.

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