

UDC 332

## CORPORATE SOCIAL RESPONSIBILITY AND TAX AGGRESSIVENESS IN THE COVID-19 PANDEMIC ERA

Anjarwi Astri Warih

University of Brawijaya, Malang, Indonesia

E-mail: [astrics19@ub.ac.id](mailto:astrics19@ub.ac.id)

### ABSTRACT

Minimizing taxes through aggressive tax actions is an increasingly common practice by companies in the world. This socially irresponsible act is considered normal and reasonable business practice. In fact, taxes are a form of social engagement that puts the company's overall reputation at risk. Besides being a form of corporate participation in sustainable economic development, CSR is also a key factor in the success and survival of a company. The diversity of research results that have been carried out has not taken into account observations made during the COVID-19 pandemic. This study aims to empirically examine the effect of CSR on corporate tax aggressiveness during the COVID-19 pandemic. Using a sample of 35 companies in Indonesia collected from the Indonesia Stock Exchange database for the 2020 period, the results of this study indicate that CSR disclosure in the fields of education, health, arts and culture, religion, entrepreneurship, infrastructure, and the environment does not have a significant relationship with aggressiveness. corporate tax. However, CSR related to social welfare has a significant negative relationship with tax aggressiveness.

### KEY WORDS

CSR, taxes, public services, COVID-19 pandemic.

Tax-aggressive actions are increasingly being carried out by companies throughout the world (Nugraha and Wahyu M, 2015). According to Sikka (2010), managerial steps in minimizing corporate taxes through tax aggressive actions are considered normal and reasonable business practices. However, tax-aggressive activity is considered socially irresponsible because it shows the company's reluctance to fulfill tax obligations fairly (Avi-Yonah, 2008; Erle, 2008; Schön, 2008). Tax payment is a type of corporate social responsibility since it represents the business's desire to distribute its resources. (Christensen and Murphy, 2004). Lack of tax revenue by companies will have an impact on losses for the government, society, and the reputation of the company as a whole (Slemrod, 2004; Williams, 2007; Suzanne et al., 2013). Therefore, through corporate social responsibility (CSR) initiatives, businesses should be mindful of the social, economic, and local context in which their operations take place in addition to their financial performance.

CSR is one type of awareness of the narrow perception of shareholders' profits that are often detrimental to social, economic, and environmental welfare (Whait et al., 2018). According to laws and regulations, corporate social responsibility (CSR) is a way for businesses to participate in sustainable economic growth in order to raise living standards, protect the environment, and foster harmony and balance with the local community's environment, values, and culture. CSR is regarded as being crucial to a company's growth and survival in addition to having credibility as an activity that is inseparable from its primary business operations (Lanis and Grant, 2012).

Academic and professional researchers have jointly paid particular attention to this field. Preuss (2010), Sikka (2010), Lin (2020), and Chen (2018) state that CSR and tax aggressiveness have a significant relationship; the higher the level of CSR disclosure of a company, the higher the level of corporate tax aggressiveness (Watson, 2011; Lanis and Grant R, 2012; Mgbame et al., 2017; Zeng, 2016; Raithatha and Tara, 2021; Laguir et al., 2015); and CSR does not have a significant relationship with tax aggressiveness (Mohanadas et al., 2019). Unfortunately, the observations made during the COVID-19

pandemic cannot be almost entirely explained by research diversity. Therefore, this study aims to empirically examine the impact of his CSR on corporate tax aggressiveness during the COVID-19 pandemic.

This research is different from previous research, namely by conducting research observations during the COVID-19 pandemic (in 2020). The COVID-19 pandemic began to spread in Indonesia at the beginning of 2020 and has been declared a national disaster on March 14, 2020. Facing the COVID-19 pandemic requires an attitude of solidarity, togetherness, and concern for the business world in the community. However, according to Sigit Reliantoro, Director of Pollution and Environmental Damage Control at the Ministry of Environment and Forestry (KLHK), the COVID-19 pandemic is being used as an excuse by many companies to scale back their CSR activities. This should not be done because it ignores business ethics, even though during the pandemic era some companies experienced disruptions in their business.

The government has set provisions for the implementation of CSR for companies in Indonesia. Based on the Regulation of the Minister of Social Affairs of the Republic of Indonesia Number 9 of 2020, every business entity has an obligation to disclose CSR performance in an annual report and recommend reports made in the fields of social welfare, education, health, arts & culture, religion, entrepreneurship, infrastructure, and the environment. In this manner, in agreement with the accentuation on the field of CSR, this ponder points to analyze the relationship between CSR divulgence in each field and the assess forcefulness of companies recorded on the Indonesia Stock Trade (IDX). This ponder created a CSR divulgence list score from the company's yearly reports (Bowman and Haire, 1976; Ingram and Frazier, 1980; Clarkson et al., 2008) and utilized successful charge rates (ETR) (Gupta and Newberry, 1997; Rego, 2003; Richardson and Lanis, 2007) as a intermediary for corporate charge forcefulness.

In testing the hypothesis, this study uses 35 publicly listed Indonesian companies collected from the Indonesia Stock Exchange database for the period 2020. The results of the Spearman Correlation Coefficient Test indicate that CSR disclosures in the fields of education, health, arts and culture, religion, entrepreneurship, infrastructure, and environment do not have a significant relationship with corporate tax aggressiveness. In any case, CSR related to social welfare incorporates a critical negative relationship with charge forcefulness. This ponder contributes hypothetically by giving observational prove appearing the relationship between CSR and assess forcefulness amid the COVID-19 widespread. Practically, the discoveries from this think about are anticipated to supply understanding for companies in carrying out CSR exercises and considering their tax policies. This makes a difference the company in affirming the see that CSR may be a center action that can be utilized to back the company's charge position. In expansion, the comes about of this think about can too give imperative bits of knowledge for charge approach creators in distinguishing what the level of chance of corporate assess forcefulness is. In Part 2, this paper discusses the literature review and formulation of hypotheses. Furthermore, the research methods and results are in sections 3 and 4. The paper closes with conclusions, limitations, and suggestions for further research in section 5.

## LITERATURE REVIEW

CSR is closely related to the way companies manage taxes (Mohanadas, et al., 2019). Usually since CSR influences numerous trade exercises (Avi-Yonah, 2008; Lanis and Richardson, 2012). In this manner, companies that freely pronounce their commitment to CSR will appear aversion to tax-aggressive behavior. This positive behavior is exceptionally imperative in building the company's authenticity in working within the community. In this way, companies that attempt to preserve their authenticity in society tend to be less forceful towards charges (Lanis and Richardson, 2011). With so numerous partners within the company, this influences each corporate activity since the company features a enormous duty for the welfare of all parties (Mohanadas, et al., 2019). Thus, companies are motivated to fulfill their tax obligations fairly as a form of social responsibility. This thinking supports the

statement by Lanis and Richardson (2012) that companies are more than just "contractual relationships," but they are actually "real world entities." Besides, Lanis and Richardson (2012) conclude that companies that are effectively locked in in CSR are more cautious approximately carrying on charge forcefully in arranges to preserve their positive open profile. In the mean time, Watson (2015) concludes that less socially mindful US firms are essentially more assess forceful when they produce small benefit, as they tend to conserve their restricted assets instead of share Subsequently, the affect of benefit ought to not be disregarded since benefit gives the assets required for CSR execution and charge installments (Watson, 2015).

The aggressiveness of corporate taxes is also still a matter of debate. The view that the company is responsible for maximizing shareholder profits makes the entity behave in a tax-aggressive manner at the expense of other stakeholders. Of course, the mechanism allows the risk of public reaction. In any case, this makes CSR an perfect defensive instrument for companies to conciliate the open on the off chance that their tax-aggressive exercises are uncovered (Sikka, 2010). This see is backed by the comes about of investigate by Lanis and Richardson (2013) testing the hypothesis of authenticity. Australian-listed companies that are assess forceful uncover essentially more CSR execution to diminish open response to their assess forcefulness. These companies straightforwardly declare their CSR execution to appear that they are still socially dependable indeed in spite of the fact that they don't fulfill their charge commitments decently. In the interim, Huseynov and Klamm (2012) expressed that companies with tall CSR have paid assess aggressively in arrange to supply benefits not as it were to shareholders but too to society. Tax deductions are used to carry out more CSR activities. So, within the conclusion, it can alter the recognition of forceful assess hones into socially satisfactory corporate exercises (Huseynov and Klamm, 2012). Additionally, Davis et al. (2016) found that US open companies with tall CSR divulgences pay less charges and regularly lock in in assess campaigning exercises. In this way, companies that pay less charges can really give more social benefits, making CSR and charges a substitute for each other (Davis et al., 2016). Be that as it may, Davis et al. (2016) don't run the show out the plausibility that companies can carry out CSR to dispose of negative reactions from the open to their assess forceful behavior. Based on the explanation over, this think about proposes that there's an impact between CSR and corporate charge forcefulness in Indonesia. Therefore, the first hypothesis is:

- H1. CSR affects the tax aggressiveness of public companies in Indonesia.

In Indonesia, CSR can be categorized into a few ranges as a premise for assessing a company's CSR commitment. In common, CSR revelation pointers in Indonesia are based on 7 categories, specifically environment, vitality, workforce wellbeing and security, other labor, items, community association, and the common open (Makhfudloh et al., 2018). In any case, with the approach changes as sketched out within the Direction of the Serve of Social Undertakings of the Republic of Indonesia Number 9 of 2020, the government prescribes CSR announcing in 8 regions, to be specific: social welfare, instruction, wellbeing, expressions & culture, religion, business enterprise, framework, and the environment. Dewi and Naniek (2017) watch that the CSR of companies listed on the IDX incorporates a negative and critical impact on charge evasion. In line with the comes about of this think about, Davis et al. (2016), Zeng (2016), Lanis and Richardson (2015), Huseynov and Klamm (2012), and Pradipta and Supriyadi (2015) too discover that socially capable companies carry out less tax-aggressive exercises compared to untrustworthy companies. socially. Therefore, this study proposes the following hypothesis:

- H2. The social welfare sector influences the tax aggressiveness of public companies in Indonesia;
- H3. The education sector has an effect on the tax aggressiveness of public companies in Indonesia;
- H4. The health sector has an effect on the tax aggressiveness of public companies in Indonesia;
- H5. The arts and culture sector influences the tax aggressiveness of public companies in Indonesia;

- H6. The religious sector influences the tax aggressiveness of public companies in Indonesia;
- H7. The field of entrepreneurship has an effect on the tax aggressiveness of public companies in Indonesia;
- H8. The infrastructure sector influences the tax aggressiveness of public companies in Indonesia;
- H9. The environmental sector influences the tax aggressiveness of public companies in Indonesia.

## METHODS OF RESEARCH

Tax aggressiveness is the research's dependent variable. The ETR (Effective Tax Rate) is a metric used to determine tax aggressiveness. The following criteria guided the decision to use ETR in this study: First of all, according to recent tax research, ETR represents tax aggressiveness (Chen et al., 2010; Hoi et al., 2013). Second, according to Dyreng et al. (2008), Lanis and Richardson (2012), and Rego (2003), ETR is currently the most widely used proxy measure for tax aggressiveness in academic research. Companies will typically have a lower ETR if they engage in tax-aggressive activities to reduce their taxable income while maintaining their financial accounting income. ETR is a suitable indicator of tax aggressiveness as a result. The following formula is used to calculate the ETR proxy:

$$\text{ETR} = \text{Total Tax Expense} / \text{Pre tax Income}$$

Social responsibility (CSR) is the research's independent variable. Because it is more in line with the situation of businesses in Indonesia, where CSR disclosure is still general and not detailed, this study uses a check list that refers to the CSR disclosure indicators used by Sembiring (2005). Indicators of corporate social responsibility (CSR) disclosure in this study are based on eight domains: infrastructure, entrepreneurship, education, health, arts and culture, religion, social welfare, and health. The annual report disclosures used in this study to calculate CSR. For each CSR performance that is publicly disclosed, this study awards 1 point, while deducting 0 points.

This study uses the following equations to test the hypothesis:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + e \dots \dots \dots (1)$$

Where:

- Y = ETR (current income tax expense/pre-tax profit);
- $\alpha$  = Constant;
- $\beta_1 - \beta_8$  = Independent variable regression coefficient;
- X1 = Social welfare (dummy variable; 1 point is given if CSR disclosure is in the field of social welfare and 0 points otherwise);
- X2 = Education (dummy variable; 1 point is awarded if CSR disclosure is in education and 0 points otherwise);
- X3 = Health (dummy variable; 1 point is awarded if CSR disclosure is in the health sector and 0 points otherwise);
- X4 = Arts & culture (dummy variable; 1 point is awarded for CSR disclosure in the field of Arts & culture and 0 points otherwise);
- X5 = Religion (dummy variable; 1 point is given if CSR disclosure is in the religious field and 0 points for the other way around);
- X6 = Entrepreneurship (dummy variable; 1 point is awarded if CSR disclosure is in the field of entrepreneurship and 0 points otherwise);
- X7 = Infrastructure (dummy variable; 1 point is awarded for CSR disclosure in infrastructure and 0 points otherwise);

- X8 = Environment (dummy variable; 1 point is awarded for CSR disclosure in the environmental sector and 0 points otherwise);
- E = Standard error.

793 active companies that are listed on the Indonesia Stock Exchange make up the study's population. 2020, the year COVID-19 makes its debut in Indonesia, was chosen for this study's testing period. After eliminating all businesses that fit into the following categories (Gupta and Newberry, 1997; Lanis and Richardson, 2012), the final sample was made up of 35 companies. These categories are:

- businesses without financial data;
- businesses without CSR data;
- businesses with negative net income or losses.

## RESULTS AND DISCUSSION

### Statistical descriptions

The variables' descriptive statistics are shown in Table 1. The current average ETR is 26.2 percent, which is higher than the 25 percent statutory tax rate. This suggests that businesses generally do not practice tax avoidance by paying in accordance with legal requirements. Even though some companies have higher rates than what is required by law, the minimum and maximum values of ETR (0.3 percent and 76.2 percent) show that there are businesses that pay very little tax. The ETR is therefore typical (standard deviation = 13.2%).

Table 1 – Dependent Variable's Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ETR (Y)	35	0.003	0.762	0.262	0.132

The highest CSR disclosure during the COVID-19 pandemic was in the health sector (X3) at 97.14 percent. The next ranking (sequentially) is CSR in education (X2) at 94.29 percent, the environment (X8) at 88.57 percent, social welfare (X1) at 82.86 percent, entrepreneurship (X6) at 51.43 percent, and religion (X5) at 48.57 percent. Infrastructure (X7) is 48.57 percent, and arts & culture (X4) is 31.43 percent.

Table 2 – Descriptive statistics for the independent variables

Variable	Category	Frequency	Percentage
Social welfare (X <sub>1</sub> )	0	6	17.14
	1	29	82.86
Education (X <sub>2</sub> )	0	2	5.71
	1	33	94.29
Health (X <sub>3</sub> )	0	1	2.86
	1	34	97.14
Arts & culture (X <sub>4</sub> )	0	24	68.57
	1	11	31.43
Religion (X <sub>5</sub> )	0	18	51.43
	1	17	48.57
Entrepreneurship (X <sub>6</sub> )	0	17	48.57
	1	18	51.43
Infrastructure (X <sub>7</sub> )	0	18	51.43
	1	17	48.57
Environment (X <sub>8</sub> )	0	4	11.43
	1	31	88.57

### Classical Regression Assumptions

To use multiple linear regression, conventional presumptions must also be examined. After performing multiple regression calculations with the SPSS for Windows tool, a classical regression assumption test was carried out. To ascertain whether the residual values are normally distributed or not, a normality test is carried out. With the conditions that H<sub>0</sub>:

residuals were normally distributed and H1: residuals were not normally distributed, the test procedure was conducted using the Kolmogorov-Smirnov test. H0 is accepted, signifying that normality is satisfied, if the value of sig. (p-value) is greater than 0. Table 3 displays the results of the normality test.

Table 3 - Normality Test Results

<i>One-Sample Kolmogorov-Smirnov Test</i>		Unstandardized Residual
N		35
Normal Parameters(a,b)	Mean	.0000000
	Std. Deviation	.09529145
Most Extreme Differences	Absolute	.072
	Positive	.068
	Negative	-.072
Kolmogorov-Smirnov Z		.423
Asymp. Sig. (2-tailed)		.994

### Multiple linear regression analysis

Regression analysis was used to calculate the magnitude of the influence between the independent variables, namely Social Welfare ( $X_1$ ), Education ( $X_2$ ), Health ( $X_3$ ), Arts and Culture ( $X_4$ ), Religion ( $X_5$ ), Entrepreneurship ( $X_6$ ), Infrastructure ( $X_7$ ), and Environment ( $X_8$ ) on the dependent variable, namely ETR (Y). The regression equation is used to determine the form of the relationship between the independent variable and the dependent variable.

Table 4 – Regression Equation

n/n	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.554	0.166		3.344	0.003
Social Welfare ( $X_1$ )	-0.154	0.051	-0.446	-3.020	0.006
Education ( $X_2$ )	-0.043	0.085	-0.077	-0.507	0.616
Health ( $X_3$ )	0.048	0.117	0.062	0.412	0.683
Arts and Culture ( $X_4$ )	0.047	0.043	0.167	1.090	0.286
Religion ( $X_5$ )	-0.114	0.039	-0.437	-2.921	0.007
Entrepreneurship ( $X_6$ )	-0.033	0.039	-0.126	-0.834	0.412
Infrastructure ( $X_7$ )	0.006	0.040	0.022	0.144	0.887
Environment ( $X_8$ )	-0.132	0.060	-0.322	-2.213	0.036

Based on Table 4, the following regression equation is obtained:

$$Y = 0,554 - 0,154 X_1 - 0,043 X_2 + 0,048 X_3 + 0,047 X_4 - 0,114 X_5 - 0,033 X_6 + 0,006 X_7 - 0,132 X_8$$

From the above equation can be interpreted as follows:

1. The  $X_1$  regression coefficient is 0.154, meaning that ETR will decrease by 0.154 units for every additional one  $X_1$  unit (Social Welfare). So if Social Welfare increases by 1 unit, then ETR will decrease by 0.154 units assuming the other variables are held constant;
2. The  $X_2$  regression coefficient is 0.043, meaning that ETR will decrease by 0.043 units for each additional one unit of  $X_2$  (Education);
3. The  $X_3$  regression coefficient is 0.048, meaning that ETR will increase by 0.048 for each additional unit of  $X_3$  (Health);
4. The  $X_4$  regression coefficient is 0.047, meaning that ETR will increase by 0.047 units for every additional one  $X_4$  unit (Arts and Culture), So if Arts and Culture has increased by 1 unit, then ETR will increase by 0.047 units assuming the other variables are considered constant;
5. The  $X_5$  regression coefficient is -0.114, meaning that ETR will decrease by 0.114 units for every additional one  $X_5$  unit (Religion), So if Religion increases by 1 unit, then ETR will decrease by 0.114 units assuming the other variables are considered constant;

6. The  $X_6$  regression coefficient is -0.033, meaning that ETR will decrease by 0.033 units for each additional unit of  $X_6$  (Entrepreneurship), So if Entrepreneurship increases by 1 unit, then ETR will decrease by 0.033 units assuming the other variables are considered constant;
7. The  $X_7$  regression coefficient is 0.006, meaning that ETR will increase by 0.006 units for every additional one  $X_7$  unit (Infrastructure), So if Infrastructure has an increase of 1 unit, then ETR will increase by 0.006 units assuming the other variables are considered constant;
8. The  $X_8$  regression coefficient is -0.132, meaning that ETR will decrease by 0.132 units for every additional one  $X_8$  unit (Environment), So if the Environment has increased by 1 unit, the ETR will decrease by 0.132 units assuming the other variables are considered constant.

To determine the contribution of the independent variable to the dependent variable, the value of  $R^2$  is used. The value of  $R^2$  is presented in Table 5.

Table 5 – Correlation and Determination Coefficient

R	R Square	Adjusted R Square
0.693	0.480	0.320

The coefficient of determination is used to calculate the magnitude of the influence or contribution of the independent variable to the dependent variable. From the analysis in Table 4.18, the results of  $R^2$  (coefficient of determination) are 0.320. This means that 32% of the ETR variables will be influenced by the independent variables, namely Social Welfare ( $X_1$ ), Education ( $X_2$ ), Health ( $X_3$ ), Arts and Culture ( $X_4$ ), Religion ( $X_5$ ), Entrepreneurship ( $X_6$ ), Infrastructure ( $X_7$ ), and Environment ( $X_8$ ). While the remaining 68% of the ETR variables will be influenced by other variables that are not discussed in this study. In addition to the coefficient of determination, a correlation coefficient is also obtained which shows the magnitude of the relationship between the independent variables, namely Social Welfare, Education, Health, Arts and Culture, Religion, Entrepreneurship, Infrastructure, and the Environment to the ETR variable, the R value (correlation coefficient) of 0.693, the correlation value This shows that the relationship between the independent variables are Social Welfare ( $X_1$ ), Education ( $X_2$ ), Health ( $X_3$ ), Arts and Culture ( $X_4$ ), Religion ( $X_5$ ), Entrepreneurship ( $X_6$ ), and Infrastructure ( $X_7$ ), and Environment ( $X_8$ )) with ETR included in the strong category because it is in the range of 0.6 – 0.8.

After data has been gathered and processed, hypothesis testing is a crucial step in the research process. Its main purpose is to provide an answer to the researcher's hypothesis. Regression Model Testing (F test / simultaneously) is used to assess whether or not the results of the regression analysis are significant, or whether the model that is assumed to be appropriate is actually appropriate. If the outcome is noteworthy,  $H_0$  is disproved and  $H_1$  is accepted. Meanwhile,  $H_0$  is accepted and  $H_1$  is rejected if the results are not statistically significant. Another way to put it is as follows:

- 1) If F count exceeds F table,  $H_0$  is rejected;
- 2) If F count F table,  $H_0$  is accepted.

Table 6 – F/Simultaneous Test

	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.285	8	0.036	2.997	0.016
Residual	0.309	26	0.012		
Total	0.593	34			

Based on Table 6 the calculated F value is 2,997. While the F table ( $\alpha = 0.05$ ; db regression = 8; db residual = 26) is 2.321. Because F count > F table that is 2,997 > 2,321 or the value of Sig. F (0.000) < = 0.05 then the regression analysis model is significant. This means that  $H_0$  is rejected and  $H_1$  is accepted so that it can be concluded that the dependent variable (ETR) can be significantly influenced by the independent variables (Social Welfare

( $X_1$ ), Education ( $X_2$ ), Health ( $X_3$ ), Arts and Culture ( $X_4$ ), Religion ( $X_5$ ), Entrepreneurship ( $X_6$ ), and Infrastructure ( $X_7$ ), and Environment ( $X_8$ ).

Partial testing (t test / Partial) is used to determine whether each independent variable partially has a significant effect on the dependent variable. It can also be said if t count > t table or -t count < -t table then the result is significant and means  $H_0$  is rejected and  $H_1$  is accepted. Meanwhile, if t count < t table or -t count > -t table then the result is not significant and means  $H_0$  is accepted and  $H_1$  is rejected. The results of the t test can be seen in Table 10.

Table 7 – t Test Results / Partial

Variable Correlation	t Results	Sig. t	t Table	
X1→Y	-3.020	0.006	2,056	Significant
X2→Y	-0.507	0.616	2,056	Not Significant
X3→Y	0.412	0.683	2,056	Not Significant
X4→Y	1.090	0.286	2,056	Not Significant
X5→Y	-2.921	0.007	2,056	Significant
X6→Y	-0.834	0.412	2,056	Not Significant
X7→Y	0.144	0.887	2,056	Not Significant
X8→Y	-2.213	0.036	2,056	Significant

Based on Table 7, the following results were obtained:

1. t test between  $X_1$  (Social Welfare) and Y (ETR) shows t count = 3,020. While t table ( $\alpha = 0.05$ ; db residual = 26) is 2.056. Because t arithmetic > t table that is 3.020 > 2.056 or sig. t (0.006) < = 0.05 then the effect of  $X_1$  (Social Welfare) on ETR is significant. This means that  $H_0$  is rejected so that it can be concluded that ETR can be significantly affected by Social Welfare or by increasing Social Welfare, ETR will experience a high increase;
2. t test between  $X_2$  (Education) and Y (ETR) shows t count = 0,507. While t table ( $\alpha = 0.05$ ; db residual = 26) is 2.056. Because t count < t table is 0.507 < 2.056 or sig. t (0.616) > = 0.05 then the effect of  $X_2$  (Education) on ETR is not significant at 5% alpha. This means that  $H_0$  is accepted so that it can be concluded that ETR can be significantly affected by education or by increasing education, ETR will experience a low increase;
3. t test between  $X_3$  (Health) and Y (ETR) shows t count = 0.412. While t table ( $\alpha = 0.05$ ; db residual = 26) is 2.056. Because t count < t table that is 0.412 < 2.056 or sig. t (0.683) > = 0.05 then the effect of  $X_3$  (Health) on ETR is not significant at 5% alpha. This means that  $H_0$  is accepted so that it can be concluded that ETR can be significantly affected by Health or by increasing Health, ETR will experience a low increase;
4. t test between  $X_4$  (Arts and Culture) and Y (ETR) shows t count = 1.090. While t table ( $\alpha = 0.05$ ; db residual = 26) is 2.056. Because t count < t table that is 1.090 < 2.056 or sig. t (0.286) > = 0.05 then the effect of  $X_4$  (Arts and Culture) on ETR is not significant at 5% alpha. This means that  $H_0$  is accepted so that it can be concluded that ETR can be significantly influenced by Art and Culture or by increasing Arts and Culture, ETR will experience a small increase;
5. t test between  $X_5$  (Religion) and Y (ETR) shows t count = 2,921. While t table ( $\alpha = 0.05$ ; db residual = 26) is 2.056. Because t count > t table that is 2,921 > 2,056 or sig. t (0.007) < = 0.05 then the effect of  $X_5$  (Religion) on ETR is significant at 5% alpha. This means that  $H_0$  is rejected so it can be concluded that ETR can be significantly influenced by Religion or by increasing Religion, ETR will increase significantly;
6. t test between  $X_6$  (Entrepreneurship) and Y (ETR) shows t count = 0.834. While t table ( $\alpha = 0.05$ ; db residual = 26) is 2.056. Because t count < t table is 0.834 < 2.056 or sig. t (0.412) > = 0.05 then the effect of  $X_6$  (Entrepreneurship) on ETR is not significant at 5% alpha. This means that  $H_0$  is accepted so that it can be concluded that ETR can be significantly affected by Entrepreneurship or by increasing Entrepreneurship, ETR will experience a low increase;
7. t test between  $X_7$  (Infrastructure) and Y (ETR) shows t count = 0.144. While t table ( $\alpha = 0.05$ ; db residual = 26) is 2.056. Because t count < t table is 0.144 < 2.056 or sig. t

(0.887)  $> = 0.05$  then the effect of X7 (Infrastructure) on ETR is not significant at 5% alpha. This means that H0 is accepted so that it can be concluded that ETR can be significantly affected by Infrastructure or by increasing Religion, ETR will experience a low increase;

8. t test between X8 (Environment) and Y (ETR) shows t count = 2.213. While t table ( $\alpha = 0.05$ ; db residual = 26) is 2.056. Because t arithmetic  $>$  t table that is  $2.213 > 2.056$  or sig. t (0.036)  $< = 0.05$  then the effect of X8 (Environment) on ETR is significant at 5% alpha. This means that H0 is rejected so that it can be concluded that ETR can be significantly affected by the environment or by increasing the environment, the ETR will increase significantly.

Overall findings indicate that all independent variables simultaneously and partially have a significant impact on ETR. As a result, it is clear that Social Welfare, which has the largest beta and t-count coefficients of the eight independent variables, has the most significant impact on ETR.

## CONCLUSION

The purpose of this study is to examine how CSR affects corporate tax aggressiveness during the COVID-19 pandemic. The test uses multiple regression to test whether the relationship between areas of CSR and tax aggressiveness is positive or negative. The results of the study indicate that the aggressiveness of corporate taxes is influenced by the areas of CSR carried out. More specifically, the more comprehensive the areas of CSR reported by the company (social welfare, education, religion, entrepreneurship, and the environment), the lower the level of tax aggressiveness. On the other hand, the higher the CSR disclosure in the health, arts & culture, and infrastructure sectors, the higher the level of tax aggressiveness. This finding extends the previous literature, which shows that companies that are heavily involved in CSR activities will fulfill their tax obligations fairly or not tax aggressively. In addition, companies that engage in CSR activities in certain fields are more likely to engage in tax aggressiveness. This finding is consistent with the observation that some companies that claim to be socially responsible also engage in aggressive tax activities.

This is reinforced by the pandemic conditions, where companies must recalculate all CSR program designs that have been prepared because the pandemic has an effect on the wider target recipients of CSR. The effects of this pandemic have hampered the economy in Indonesia due to the government's policy of imposing PSBB, or Large-Scale Social Restrictions, which makes people carry out activities from home and advises them to stay at home. Indeed, by engaging in CSR activities related to business conduct, companies develop a culture that promises ethical behavior to external audiences, and this becomes separate from organizational practices that are geared towards increasing profits through tax planning activities.

This research has several theoretical implications. First, this study reveals that tax aggressiveness is influenced by CSR. Second, the findings show that companies that carry out CSR in the fields of social welfare, education, religion, entrepreneurship, and the environment show low involvement in tax aggressiveness. Third, this study reveals that companies that carry out CSR in the fields of health, arts & culture, and infrastructure tend to be involved in tax aggressiveness.

Overall, this study offers novel insights into the connection between corporate tax aggressiveness and CSR-related topics. Additionally, these results offer guidance for tax administrations seeking to pinpoint circumstances where the risk of corporate tax avoidance is higher and can aid them in creating effective tax regulations that enhance corporate tax compliance and CSR initiatives. Finally, these findings may be useful to investors and business consultants who want to determine the conditions under which a company's CSR activities may be used in a tax-aggressive manner. This will allow them to construct portfolios that take the impact of CSR activities on tax aggressiveness into consideration.

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