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The Relationship between Corporate Social Responsibility and Tax Aggressiveness: An Indonesian Study

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The study aims to analyse the relationship between the dimension of corporate social responsibility as a whole and each dimension of 'tax aggressiveness'. The Corporate Social Responsibility (CSR) disclosure was measured using the index of Global Reporting Initiatives (GRI) version 4 and ISO 26000:2010 Clauses. We used non-financial listed firms in the Indonesia Stock Exchange (IDX) for the period 2015 to 2017, amounting to 304 firm-years observations as a research sample. The analytical techniques used are ordinary least square regression with SPSS software version 21. The results showed that the CSR as a whole had a relationship to tax aggressiveness. This research also showed that the dimensions of the CSR, namely the general dimensions and social dimensions, have a relationship to tax aggressiveness, while for economic dimension and environmental dimension have no relationship to aggressive tax. This research can be used for governments and policymakers to consider and maximize state tax acceptance by monitoring the firms' CSR disclosure practices.

Key words: *Corporate social responsibility, tax aggressiveness, profitability, firm size, capital intensity.*

Introduction

Taxes have a considerable impact on state revenues because taxes are a vital source in the context of state revenues. However, there are a substantial amount of Indonesian firms that assume taxes are an unbeneficial expense that must be borne by the firms. So, the firm is looking for strategies to reduce taxes in order to maximise profit. One of the strategies for firms to suppress taxes is through tax planning and there are two types of tax planning that are aggressive: Tax avoidance and tax evasion (Tandean & Winnie, 2012).

Tax aggressiveness is an outcome of tax planning, whether legal, illegal or included in the grey area (Laguir et al., 2015). In the current legislation of taxation, there is no vibrant definition related to tax planning, aggressive tax planning, acceptable tax avoidance, and unacceptable tax avoidance. In practice, the difference in interpretation by the taxpayers and the tax authorities pertains to whether it is beneficial to each party and raises legal uncertainty. Tax aggressiveness is not an adverse activity. However, it should be noted that the terms 'tax aggressiveness', 'tax evasion', and 'tax management', may be used interchangeably in this study (Lanis & Richardson, 2011; Setyorini et al., 2019).

Dunbar et al. (2010) states that there are several proxies related to measuring how aggressive the tax of a firm is, including using Effective Tax Rate, Current Effective Tax Rate, Cash Effective Tax Rate, Book Tax Different, and others. According to Lanis & Richardson (2011), Effective Tax Rate (ETR) is the most commonly used proxy for the measurement of tax aggressiveness. The lower the value produced by ETR, the higher the tax aggressiveness rate of a company. Tax aggressiveness is influenced by a wide range of factors, one of which is Corporate Social Responsibility (CSR). CSR has a relationship to tax aggressiveness as CSR is one of the crucial factors that can indirectly affect firm performance (Lanis & Richardson, 2011; Nasih et al., 2019). Lensen et al. (2015) and Sikka (2010) explain that a socially responsible firm engages in tax aggressiveness. On the other hand, the firm implementing CSR activities is a confident firm that obtains substantial amount of profit, because the cost of such activities is usually referred to as 'the cost of reputation' and 'political costs' (Chen et al., 2010; Laguir et al., 2015; Widiyanti et al., 2019; Lubis et al., 2017; Prabowo et al., 2019). Based on CSR theory, in terms of expressing social responsibility and gaining legitimacy in society, the company must have low aggressiveness (Lanis & Richardson, 2011).

Tax aggressiveness can harm the firm if the company tends to engage in activities that are beneficial to the firm and, at the same time, contrary to the interests of society. Through such CSR disclosures, shareholder value may experience an increase that allows shareholders to be protected from the adverse impacts that result from tax aggressiveness. Hoi et al. (2013) and Muda et al. (2018) explained that the firm would increase CSR activities to establish their CSR reputation in order to look virtuous. Thus, CSR has a positive impact on the firm. The disclosure of CSR publically can minimize the undesirable perspective arising from aggressive tax planning.

Prior studies examine the CSR disclosure relationship to tax aggressiveness. Laguir et al. (2015) use a separate dimension of CSR for testing, whereby the entire dimension is used based on the Vigeo database component. The study result shows that there is a relationship between the nature of CSR activities and the firm's tax aggressiveness. In other so that the dimension of CSR could affect tax aggressiveness. Putri et al. (2018) and Mustika (2017) also argue that CSR disclosure has a relationship to tax aggressiveness. On the other hand, several prior research documents (Carrol, 2005; Preuss, 2010; Sikka, 2010) show that overall CSR has no relationship to tax aggressiveness, which means that CSR disclosures do not make an aggressive strategy of the firm against paying taxes. Lanis and Richardson (2013) and Gunther (2016) found that CSR had a negative relationship to aggressiveness, while on the contrary, Watson (2014) showed that there was a positive relationship between CSR and tax aggressiveness in his research.

This study's specific aim is analysing the relationship of CSR disclosures as a whole, and per dimension to tax aggressiveness. This research uses samples of non-financial listed firms in the Indonesia Stock Exchange (IDX) for the period 2015 to 2017. The results showed that the CSR disclosure as a whole had a relationship to tax aggressiveness. Furthermore, the dimensions of CSR, namely the general dimensions and social dimensions, have a relationship to tax aggressiveness. In contrast, for economic dimension and environmental dimension, CSR has no relationship to tax aggressiveness.

This study contributes to the literature by bringing to attention related factors that could affect tax aggressiveness, such as CSR disclosure. The research also explains which CSR dimensions have a relationship with the firm's tax aggressiveness. Besides, this research can also be considered by the government and policymakers to maximise the acceptance of state taxes by overlooking the CSR disclosure practice.

The rest of this paper is organised as follows: Section 2 contains the explanation of research hypothesis development; Section 3 is the explanation research variable, sample, and model; Section 4 discusses empirical analysis and hypothesis test result; and Section 5 concludes remarks, include a suggestion for future studies.

Literature Review

Relationship between Corporate Social Responsibility (CSR) Disclosure to Tax Aggressiveness

CSR disclosure in the firm's annual report aims to demonstrate to the public that in addition to seeking profit, the firm also undertook its obligations to the environment and was able to realise the expectations of society (Deegan et al., 2002). CSR reporting should be one way for an organisation to maintain and obtain legitimacy. Legitimacy can be obtained when there is suitability between the existence of a firm that does not interfere with or confront the existence of value systems existing in the society and the environment. In order to obtain its legitimation in the eyes of the public, the firm must have a low tax aggressiveness (Preuss, 2015; Sikka, 2010).

Tax aggressiveness has a relationship that is inversely proportional to CSR. The higher the level of the CSR dimensions expressed by the firm, the higher the value of Cash Effective Tax Rate generated, which indicates the low level of corporate tax aggressiveness (Lanis & Richardson, 2013). Prior studies have mentioned that CSR has a relationship to tax aggressiveness (Lanis & Richardson, 2013; Watson 2014).

CSR disclosure by the firm can provide a positive image for the stakeholders. The CSR disclosure is also able to add value to the firm (in the eyes of consumers) resulting in higher profit generated by the firm. The substantial amount of income earned roots the tax payable is roses. Thus, the firm has a craving to minimise the tax expense so that the earnings received are not significantly deducted. One of the possible strategies is maximising the CSR program, which gives a positive image for the firm in the eyes of the public. The potentially adverse framing from the public due to tax aggressiveness can then be diminished. Thus, based on the predetermined description, the hypotheses are determined:

H1: Corporate social responsibility disclosure has a direct relationship to tax aggressiveness.

Relationship between General Dimension Disclosure of CSR to Tax Aggressiveness

The general dimension of CSR is an overview of companies related to strategy and analysis, organisational profiles, material aspects, identifiable boundary, relationships with stakeholders, report profiles, governance and lastly the ethics and integrity of the firm. The general dimension is closely related to the board of directors in a firm. CSR and corporate governance have much in common with corporate accountability being related to the sustainability, growth and welfare of stakeholders (Laguir et al., 2015; Fernando & Lawrence, 2014).

In his research, Laguir et al. (2015) used a separate dimension of CSR to conduct tests related to the relationship of each of the CSR dimensions towards the tax aggressiveness of a firm. Top management commitments related to corporate governance on CSR issues are reflected by balancing the value of shareholders with value protection against stakeholders (Harymawan et al., 2019; Larasati et al., 2019). The maximum value for shareholders can spur the firm's director to pursue consistent social and economic objectives with CSR (Laguir et al., 2015; Law, 2011). Thus, decisions that have been determined by the firm's leadership can influence how the relationship between CSR disclosure and corporate tax aggressiveness play out. Thus, based on this explanation, another hypothesis is determined:

H2a: General dimension disclosure of CSR has relationship to tax aggressiveness

Relationship between Economic Dimension Disclosure of CSR to Tax Aggressiveness

The interactions that arise with the firm's transactions with customers, suppliers and shareholders are particularly vulnerable in raising a concern related to the firm's economic condition (Avi-Yonah, 2009). Thus, having experts in their field responsible for the economic dimension of CSR is very handy in addressing concerns that exist in the market. Business activity is considered an indicator that measures how well the firm applies economic responsibility issues into the organisational structure and decision-making process (Laguir et al., 2015).

The economic dimension of CSR also takes into consideration the creation of value through the reporting of direct economic values generated and distributied, financial reporting for the government, availability of products and services, investment in infrastructure, and services of procurement budget usage. In reporting the economic value generated, several components must be reported, such as revenue, operational costs, wages, benefits, and others, all of which have a relationship to the profit earned by the firm. Therefore, in the end, the profit will relate to the tax that should be paid by the firm. Thus, based on this explanation, another hypothesis is determined:

H2b: Economic dimension disclosure of CSR has a relationship to tax aggressiveness.

Relationship between Environmental Dimension Disclosure of CSR to Tax Aggressiveness

CSR focuses not solely on a single dimension, but on many dimensions, including environmental dimensions. In conducting its operations, the firm must also pay attention to the surrounding environment that is in the firm's operational area. Deegan et al. (2002) state that the legitimacy theory is a theory that is very appropriate to the disclosure of CSR. This logic rises as the annual report's environmental expression is demonstrated to the public that in addition to seeking profit, the firm also performs its obligations on the environment and can realise the expectations of the public.

The disclosures made by the firm can affect the assessment by the media. Even more, several dedicated media providers are particularly concerned with environmental disclosure (Gray et al., 1995). Therefore, the firm will be more cautious in using an aggressive tax strategy so that the firm can keep obtaining and maintaining its legitimation publically. Furthermore, the environmental dimension focuses on the use of environmentally friendly materials, the use and intensity of energy in the firm, the impact and volume of water usage, the impact of firm existence with biodiversity, emissions, effluent and waste, the impacts of the products and services produced by the firm, compliance, and impacts related to the use of transportation for the operation of the firm. Thus, based on this explanation, another hypothesis is determined:

H2c: Environmental dimension disclosure of CSR has relationship to tax aggressiveness.

Relationship between Social Dimension Disclosure of CSR to Tax Aggressiveness

Fernando and Lawrence (2014) said that in addition to investors and shareholders, the public hopes for the firm's operational location to be the concern of the firm. A firm that not only focuses on profit maximisation and development of internal corporate conditions will attain special attention from the public. Particular social activities given to the public either through providing support or other indirect social activities will raise the public's trust of the firm.

Laguir et al. (2015) shows that social dimension has a relationship to tax aggressiveness. In this case, the social dimension of CSR focuses on employee welfare, human rights, customary rights (public relations with the surrounding community), firm, and responsibility for the product (the firm relationship with the customers). Gray et al. (1995) argue that firms involved in CSR activities relating to human resources, human rights in the workspace, and community involvement are likely to engage in tax aggressiveness. Thus, based on this explanation, an hypothesis is determined:

H2d: Social dimension disclosure of CSR has a relationship to tax aggressiveness.

Research Methodology

Sample and Data Source

We use non-financially-listed firms on the Indonesia Stock Exchange (IDX) for the period 2015 to 2017 as our research sample. The data used in this study is obtained from the annual report of each firm accessed via the IDX official website and each firm's website. The sample selection criteria used a purposive sampling method, resulting in a final sample of 304 firm-year observations. Table 1 provides the sample selection criteria adopted by this study.

Table 1: Sample Selection Criteria

Criteria	**Amount**
Non-financial listed firms in IDX for period 2015 to 2017	1557
Missing data	(430)
Firms that experienced loss within period 2015 to 2017	(255)
Firms that has zero or negative tax expense	(417)
Firms that use dollar as its main operational currency for period 2015 to 2017	(151)
Total	304

Variable Operationalization

Independent Variable

The independent variable of this study is CSR disclosure, both as wholly and for each dimension. CSR disclosure is proxied by the CSR disclosure index and compares the item amount of CSR that was disclosed by a firm with an item amount of CSR that should be disclosed. The formula to calculate the CSR disclosure index is as follows (Lanis & Richardson, 2013):

$$CSR_i = \frac{\sum Xy_i}{n}$$

Where:
CSR_i : CSR disclosure index
$\sum xy_i$: item amount that was disclosed by the firm
n : item amount that should be disclosed based on GRI and ISO 26000

The indicators used in this study are based on the Global Reporting Initiative (GRI) version 4, combined with ISO 26000:2010. If there is an indicator disclosed by the firm, it will be given a value of 1, and if there is an indicator that is not disclosed by the firm, it will be rated 0. In this research, the CSR is divided into four dimensions: General dimension, economic, environmental, and social. General dimensions include seven sections: Strategies and analyses, organisational profiles, material aspects, and identified boundaries, relationship with stakeholders, report profiles, governance and lastly, ethics and integrity. The economic dimension contains aspects of economic performance, presence in the market, and indirect economic impacts. Environmental dimensions include impacts associated with inputs (such as energy and water) and outputs (such as emissions, effluents and waste). It also includes biodiversity, transportation, and impacts relating to products and services, as well as environmental compliance and costs. The social dimension contains sub-categories which are labor practices and working comfort, human rights, society, and responsibility for products.

Dependent Variable

The dependent variable used in this study was tax aggressiveness. In this research, the proxy used to measure the tax aggressiveness of the firm is the Current Effective Tax Rate (CETR) because the value used is more relevant than the Cash ETR or ETR by using the tax burden of the current year. To calculate the current ETR, we use the following formula as follows (Laguir et al., 2015):

$$CETR = \frac{Current\ Tax\ Expense}{Pretax\ Income}$$

This study uses several control variables to deal with omitted variable issues, which are profitability, firm size, and capital intensity. Profitability is measured by deflating earnings before tax with the total assets, while for firm size, we use the natural logarithm of total assets. The last control variable, which is capital intensity, is measured by deflating the net asset with the firm's total asset.

Methodology

The study used ordinary least square regression models to examine the relationship of the CSR both in as wholly and as each dimension towards tax aggressiveness. The analytical techniques used in this study were conducted using SPSS 22 programs. The following is a regression equation used in this study:

$$CETR = \propto + \beta_1 CSR + \beta_2 ROA + \beta_3 SIZE + \beta_4 CINT + e \quad (1)$$

$$CETR = \alpha + \beta_1 CSR_G + \beta_2 CSR_E + \beta_3 CSR_{En} + \beta_4 CSR_S + \beta_5 ROA + \beta_6 SIZE + \beta_7 CINT + e \quad (2)$$

Result and Discussion

Descriptive Statistic

Table 2: Descriptive Statistic

	N	Minimum	Maximum	Mean	Std. Deviation
CETR	304	0.00	0.49	0.1963	0.12526
CSR	304	1.3	2.26	1.7689	0.19177
CSR_GEN	304	0.46	0.70	0.5968	0.05263
CSR_ECO	304	0.42	0.83	0.6233	0.11189
CSR_ENV	304	0.00	0.39	0.0976	0.09242
CSR_SOS	304	0.37	0.50	0.4500	0.03523
ROA	304	0.00	0.18	0.0685	0.04193
FIRM_SIZE	304	14.58	31.36	24.7124	4.79754
CAPINT	304	0.00	0.88	0.2864	0.23952

Table 2 provides the statistic descriptive for variables of this study. Tax aggressiveness is measured using the Current Effective Tax Rate (CETR). The descriptive statistics results show that CETR has an average value of 19.63%, which means that the firms tend to engage in tax aggressiveness because it is under the prevailing tax rate of 25%. Furthermore, the CSR variable standard deviation on the research sample is 0.19177, while the average value is 1.7689.

The study also takes into account the dimensions of the CSR, which include the general dimensions (CSR_GEN), the economic dimension (CSR_ECO), the environmental dimension (CSR_ENV), and the social dimension (CSR_SOS). The standard deviation of CSR_GEN on the research sample is 0.5263, while the average value is 0.5968. Meanwhile, the average value of CSR_ECO is 0.6233, and a standard deviation value of 0.11183 is produced. The CSR_ENV variables have a standard deviation of 0.0942, as well as an average value of 0.0976. The standard deviation for CSR_SOS is 0.03523 with an average value of 0.4500.

Classic Assumption Test

Normality Test

Table 3 provides the normality test result, which shows Asymp. Sig. (2 tailed) Kolmogorov-Smirnov consequently showig a residual value of 0.130 and 0.264 for the first model and second model. This result concludes that the research data sample is normally distributed as the Asymp. Sig. value is more than 0.05.

Table 3: Normality Test

Description	**Model 1**	**Model 2**
N	304	304
Kolmogorov-Smirnov Test	1.170	1.005
Asymp. Sig. (2-tailed)	0.130	0.264
Conclusion	Normal	Normal

Multicollinearity Test

Table 4 provides the multicollinearity test result that was divided into two panels, of which each panel is for one regression model. As Table 4 shows, in both panels A and panel B, the tolerance value is more than 0.1, and the Variance Influence Factor (VAF) value is less than 10. Thus, it concluded that both regression models are free from multicollinearity symptoms.

Table 4: Multicollinearity Test Result

Panel A: Model 1		
Variable	**Statistic Collinearity Result**	
	Tolerance	**VIF**
CSR	0.985	1.016
ROA	0.977	1.024
FIRM_SIZE	0.975	1.026
CAPINT	0.982	1.019
Panel B: Model 2		
Variable	**Statistic Collinearity Result**	
	Tolerance	**VIF**
CSR_GEN	0.794	1.259
CSR_ECO	0.842	1.188
CSR_ENV	0.930	1.075
CSR_SOS	0.873	1.145
ROA	0.968	1.033
FIRM_SIZE	0.936	1.068
CAPINT	0.980	1.021

Heteroscedasticity Test

Table 5 shows the test result of heteroscedasticity. Based on Table 5, it is shown that both regression models are free from heteroscedasticity symptoms. The conclusion, based on the significance level from both regression models, is more than 0.05.

Table 5: Heteroscedasticity Test

Variable	Model 1	Model 2
CSR	0.625	
CSR_GEN		0.978
CSR_ECO		0.773
CSR_ENV		0.813
CSR_SOS		0.685
ROA	0.746	0.704
FIRM_SIZE	0.343	0.494
CAPINT	0.205	0.255

Main Analysis

Relationship between Corporate Social Responsibility (CSR) Disclosure to Tax Aggressiveness

Table 6: Regression Test Result of Model 1

Variable	**Unstandardized Coefficients (B)**	**t**	***p-value****	**Conclusion**
(Constant)	0.557	7.256	0.000	
CSR	-0.183	-5.088	0.000***	Significant
ROA	-0.405	-2.457	0.015**	Significant
FIRM_SIZE	-0.001	-0.926	0.478	Not significant
CAPINT	0.079	2.752	0.006*	Significant
R	0.333			
R^2	0.111			
Adjusted R^2	0.099			
Std. Error of the Estimate	0.11889			

* $p < 0.10$ ** $p < 0.05$ *** $p < 0.01$

Table 6 shows that the ordinary least square analysis results used to test the first hypothesis (H1) that examineed the relationship between CSR disclosure of the firm to the tax aggressiveness. Based on the results of regression in Table 6, it can be noted that the independent variable CSR and control variables, which are ROA and CAPINT, have a relationship to CETR. In contrast, the SIZE has no relationship to CETR. The value of the CSR variable coefficient shows a value of -0.183 (t = -5.088), which is significant at 1% level. This result indicates that with the disclosure of corporate social responsibility, the current ETR rate will decrease by 0.183 times and lead to increased tax aggressiveness.

Furthermore, the value of variable coefficients of ROA shows a value of -0.405 (t = -2.457), significant at 5%. For variables, CAPINT showed a coefficient value of 0.079 (t = 2.752), significant at a level of 10%. While for the variables, FIRM_SIZE shows statistically insignificant results.

Based on these results, it shows that CSR disclosure has a negative relationship with CETR, which means that H1 is accepted. The value of the CSR coefficient shows the result -0.183, which means that the value has a negative relationship to CETR, but has a positive relationship to the tax aggressiveness as CETR. The CETR value is inversely proportional to the tax aggressiveness, thus when the value of the CETR decreases, then the tax aggressiveness increases. The results of this study align with Watson (2014), who found that CSR disclosure has a positive relationship to tax aggressiveness.

From these results, it can be known that CSR disclosure is one of the factors affecting tax aggressiveness. The firm with the broader CSR disclosure is one with high social responsibility to the public. The breadth of CSR disclosures will foster public beleif that the firm avoids opportunistic behaviour that can adversely affect the firm legitimacy. Gray et al. (2010) argue that the organisation can only continue if the surrounding community ruminates the existence of an organisation's operational value system that commensurate the value system of the community. The operating business may continue to exist due to an approved social contract by performing a socially desirable action. Therefore, this relationship will raise several benefits for the firm, and one of them is the sustainability of a firm.

With the implicit social contract between the firm and the community, CSR disclosure can be a medium of communication between the two that is expected to improve the legitimacy of the firm, increasing the company's future profitability and ensuring the firm's existence. The result of CETR value showed a relationship that is inversely proportional to tax aggressiveness; thus, if the value of the CETR is high, then the firm's tax aggressiveness level is low. Based on the regression result, firms that have broader CSR disclosure tend to engage tax aggressiveness, as the community perceives CSR disclosure action as virtuous action, so the public focus less on their tax aggressive practices. Thus, the adverse effect of tax aggressiveness on the firm's image can be minimised.

Relationship between Each Dimension Disclosure of CSR to Tax Aggressiveness

Table 7: Regression Test Result Model 2 2

Variable	**Unstandardized Coefficients (B)**	**t**	***p-value****	**Conclusion**
(Constant)	0.796	7.199	0.000	
CSR_GEN	-0.451	-3.131	0.002**	Significant
CSR_ECO	-0.091	-1.383	0.168	Not significant
CSR_ENV	-0.069	-0.916	0.360	Not significant
CSR_SOS	-0.531	-2.586	0.010***	Significant
ROA	-0.370	-2.258	0.025**	Significant
FIRM_SIZE	-0.001	-0.710	0.478	Not significant
CAPINT	0.079	2.776	0.006*	Significant
R	0.372			
R^2	0.139			
Adjusted R^2	0.118			
Std. Error of the Estimate	0.11763			

* $p < 0.10$ ** $p < 0.05$ *** $p < 0.01$

General Dimension Disclosure of CSR and Tax Aggressiveness

Table 7 provides the regression analysis result having examined the second hypothesis (H2) testing the relationship between each dimension disclosure of CSR to tax aggressiveness. Based on the results in table 7, the CSR_GEN coefficient value of -0.451 (t = -3.131) is significant at a level of 5%. This result indicates that with the disclosure of the general dimension of CSR, the Current ETR value will decrease by 0.451 percent and indicates rises of tax aggressiveness. Thus, the general dimension of CSR has a relationship to tax aggressiveness, so the H2a is accepted.

The results explained that the general dimension of CSR is one of the factors affecting tax aggressiveness. The general dimension is closely related to the board of directors in a firm. The legitimacy theory is closely related to the disclosure of CSR. Legitimacy is regarded as a motivation that is expected to be able to encourage decision-making related to the CSR disclosure (Deegan et al., 2002). Also, the number of points and the extent of the scope of the dimensions expressed by the firm, is highly capable of determining whether the dimension has a relationship to tax aggressiveness. Therefore, the firm needs to disclose information that can make the surrounding community confident that the firm has been substantially orienting toward the community. A CSR disclosure in the firm's annual report is the intended outcome (Laguir, 2015).

Economic Dimension of CSR and Tax Aggressiveness

The coefficient value CSR_ECO in Table 7 is -0.091 (t =-1.383). This result indicates a negative but statistically insignificant relationship. It concluded that the disclosure of economic dimensions in CSR does not have a relationship to tax aggressiveness. Thus, the H2b hypothesis is rejected.

In this study, the low value expressed on the economic dimension led to the lower value of the CETR, but it is showing statistically insignificant results. Insignificant test results on the economic dimension are emerging because the economic dimension has no direct association with the public, so the public focus leads to its tax aggressiveness. The firm that realises it is more cautious when it is about to conduct tax aggressiveness. Besides, the majority of non-financially listed firms in the year were selected as the research sample less revealing criteria that meet economic dimension indicators with multiple outliers focusing on the economic dimension.

Environmental Dimension of CSR and Tax Aggressiveness

In Table 7, the value of the CSR_ENV coefficient of -0.069 (t =-0.916) indicates a negative but statistically insignificant relationship. This indicates that the disclosure of environmental dimensions in the CSR does not have a relationship to tax aggressiveness. Thus, the H2c hypothesis is rejected. The results were in line with the Laguir (2015) study, stating that the environmental dimension of corporate social responsibility had no relationship to tax aggressiveness.

Legitimacy is a major source of sustainability for the firm to maintain. To convince the community that they are legitimate, the firm must ensure that it will never violate the provisions that have been made. So, the disclosure of social information is very much needed for the public to assess whether a company is a ‘good company’. In this study, the environmental dimension had statistically insignificant results due to most non-financial enterprises in the period 2015 to 2017 conducting a less disclosure of the GRI indicator. In addition, it can also occur due to the lack of awareness of each firm related to the environment as well as a lack of understanding related to complete CSR disclosure.

Social Dimension of CSR and Tax Aggressiveness

In Table 7, the value of the CSR_ENV coefficient of -0.069 (t =-0.916) indicates a negative but statistically insignificant relationship. This result shows that the disclosure of environmental dimensions in the CSR does not have a relationship to tax aggressiveness. Thus, the H2c hypothesis is rejected. The results were in line with the Laguir (2015) study, stating that the environmental dimension of corporate social responsibility had no relationship to tax aggressiveness.

Legitimacy is a vital source for the firm in maintaining its sustainability. In order to convince the community of the functional status of legitimacy, the firm must ensure that it will never violate the provisions that have been made. As a result, the social information disclosure is very much needed for the public to assess whether a company is a good company in their view. In this study, the environmental dimension had statistically insignificant results due to most non-financial enterprises in the period 2015 to 2017 conducting less disclosure of the GRI indicator. Besides, it can occur by a lack of awareness that each firm related to the environment has a lack of understanding in relation to the complete CSR disclosure.

Determinant Coefficient

Table 8: Determinant Coefficient Test Result

Model	1	2
R	0.333[a]	0.372[a]
R^2	0.111	0.139
Adjusted R^2	0.099	0.118
Error Standard Estimation	0.11889	0.11763

Table 8 shows the result of the coefficient determinant test from the regression model. The results showed that the value of the determinant coefficient (R2) on Model 1 was 0.099 or 9.9%. This result implies that the explanatory variables on Model 1 were able to predict the 9.9% tax aggressiveness. As for the remaining 90.1%, it was explained by other variables that are excluded from this study. Furthermore, the value of determinant coefficient (R2) of 0.118 or 11.8% in Model 2 explains that the explanatory variables used in Model 2 can explain the tax aggressiveness by 11.8%. As for the remaining 88.2%, they are described by other variables that were excluded from this study.

Conclusion

This research aimed to analyse the relationship of the CSR dimension to tax aggressiveness in non-financially listed firms on the Indonesia Stock Exchange (IDX) for the period 2013 to

2017. The results of the analysis show that the CSR disclosure as a whole, has a relationship to tax aggressiveness. The existence of corporate CSR disclosure can lead to increased corporate tax aggressiveness. Furthermore, disclosures regarding general dimensions and social dimensions in CSR have a relationship to tax aggressiveness. As for the disclosure of economic dimensions and environmental dimensions in CSR, they have no relationship to tax aggressiveness.

The assessment of CSR is subjective as this study takes information related to CSR disclosures by using the analysis content on the firm's annual report. Also, in this research, the GRI indicators used to acquire CSR values still use the GRI 4 indicator. Therefore, further research is advised to conduct broader related research using the latest CSR indicators, the GRI Standard, and to use a more comprehensive tax aggressiveness measurement. Further, this research can be useful to provide consideration for governments and policymakers to maximise the acceptance of state taxes by monitoring the practices for CSR disclosure of listed firms.

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