

EFFECT OF CSR AND LEVERAGE TO TAX AGGRESSIVENESS WITH MANAGERIAL OWNERSHIP AS MODERATING

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ABSTRACT

The purpose of this study is to provide empirical evidence of the influence of corporate social responsibility and leverage on tax aggressiveness by moderating managerial ownership. The independent variable used is tax aggressiveness which is influenced by corporate social responsibility and leverage, added by moderation in managerial ownership. Researchers use quantitative data, while for testing the Corporate Social Responsibility measure by using the Corporate Social Responsibility Index (CSRI) while the leverage scale ratio. The population used by property & real estate subsector companies listed on IDX observations in 2015-2019 from the annual financial statements. The sampling method used was purposive sampling based on criteria determined by ten selected companies by testing before and after moderation. Test results in his research obtained by corporate social responsibility have a significant effect on tax aggressiveness, while leverage does not have a significant effect on tax aggressiveness. Simultaneously the test made a strong contribution. While the result of moderation of corporate social responsibility and leverage on managerial ownership as a moderating variable weakens the relationship between corporate social responsibility and leverage.

Keywords: CSR, Leverage, Managerial Ownership, Tax Aggressiveness.

1. INTRODUCTION

The role of tax is important for the economy in Indonesia because it is one of the sources of compulsory payment of the people's income. Managerially designed to minimize corporate tax by means of tax aggressiveness, because the company considers that tax as an expense that reduces profit tax aggressiveness is called the act of manipulating corporate income tax avoidance or tax evasion.

Aggressiveness tax is legalized in the company. Done with the aim of minimizing corporate tax payments by carrying out Corporate Social Responsibility activities, CSR (Gunawan Juniati, 2017) aims to realize participation and companies to improve overall community welfare, positively

impacting sustainable companies (Sugiyanto and Alexander, 2019). That CSR is considered a major factor in the company's success and sustainability.

The leverage scale is the ratio with the value of external capital that the company has used from operations as the company's costs. Scale ratio that leverage measures by comparing how much the company's wealth owned comes from equity equity. Managerial ownership as a moderating whether to strengthen or weaken the proportion of shares. Measuring the percentage of sustainable.

Sugiyanto and Alexander's research (2019) in Hanum (2013: 36) explains that the greater shareholder activity of institutional owners will help increase tax avoidance for the benefit of

shareholders greater than institutional shareholders and do intervention in management as for the main objective to minimize the amount of corporate tax to increase revenue. Based on the research gap of several opinions, the theme of the study "The effect of the influence of corporate responsibility and leverage on Good Corporate Governance implications on the level of tax aggressiveness with managerial ownership as moderation (Case Study on Manufacturing Companies registered in IDX 2015-2019).

2. LITERATURE REVIEW

Stakeholder Theory

Stakeholder Theory (stakeholder theory) relevance aims to explain tax aggressiveness and CSR actions. Edward Freeman (1984) (Sugiyanto and Ety 2018) defines stakeholders "any group or individual who can affect or be affected by the achievement of an organization's objective". This means that stakeholders are both groups and individuals who can influence or be influenced by the way the achievement of organizational goals and also said that the company's organizational performance is influenced by all organizational stakeholders, therefore for managerial responsibility to provide benefits to all stakeholders who affect the performance of the organization (Sugiyanto, et al 2018) explains that the government as regulator is one of the stakeholders of the company's organization.

Legitimacy Theory

Called Legitimacy Gray et al. (1995) defines (Sugiyanto 2017), is an organization's action with the community, where the company's goals are the values that exist in a community organization must have activities and performance that can be accepted by the community legitimacy by the organization's condition or status when the value system of an entity is congruent

with a larger social value system, where the entity is a part of it. When there is a disparity between the two systems, there is a threat to the legitimacy of the community. Corporate Social Responsibility (CSR) activities carried out by company organizations aim to show the entity's value system with a social system, where the company is operationally in accordance with the theory of legitimation as an argument that CSR disclosure is carried out by the company to gain legitimacy from the community where the company is located. Legitimacy causes the entity to avoid things that are detrimental and can increase the company's edit value. The legitimacy theory states that entities do not only pay attention to the rights of investors, but also pay attention to public rights (Deegan and Brown, 1996) (Sugiyanto 2017).

Hypothesis

H1: Corporate Social Responsibility has a negative effect on Tax Aggressiveness.
H2: Leverage has a negative effect on Tax Aggressiveness
H3: Corporate Social Responsibility and leverage simultaneously affect tax aggressiveness
H4: Managerial ownership as moderation influences Leverage and Tax Aggressiveness.

3. DATA AND RESEARCH TECHNIQUE ANALISYS

Operationalization of Variables

Is used to determine the measurement scale of each variable, so that hypothesis testing using tools can be done appropriately.

1. Corporate Social Responsibility in this study will be measured using the Corporate Social Responsibility Index (CSRI) which will refer to the GRI-G4 version of the Global Instrument Initiative (GRI) guideline which classifies CSR

disclosure information into 3 (three) disclosure categories, namely: Economy, Environmental, Social (TBL)

2. Leverage is measured by the ratio of comparing debt to the income of companies that have been financed by debt.
3. Tax Aggressiveness one of the ways carried out by companies to minimize the tax burden to be paid by legal or illegal. By measuring the higher ETR results, it shows a low level of tax aggressiveness.
4. Variable Moderation Managerial Ownership (Z) Managerial ownership measures the manager of the company and the shareholders as the owner of the company owning the company's shares which can weaken or strengthen.

Population and Sample

The sampling technique used in this study is the purposive sampling method, where the sample is selected based on the suitability of the characteristics with the criteria (consideration) of the sample determined to obtain a representative sample (Sugiyono, 2017: 85).

Data Collect Technique

The data collection method used by the authors in this study is to use library research conducted to obtain secondary data in the form of annual financial statements of property companies listed on the Stock Exchange from 2015 to 2019.

Statistical Analysis Model

The analytical method used in this study is multiple regression testing. Multiple regression testing is done after the model of this study meets the requirements of passing the classic assumptions. This study uses the regression equation Multiple Regression Analysis, namely to test whether

moderating variables can strengthen between independent variables and the dependent variable.

Descriptive Research

Descriptive analysis is a method that aims to see the extent to which the variables studied are in accordance with established benchmarks. This analysis provides a description or description of data seen from the average value (mean), standard deviation, variance, maximum, minimum, sum, range, kurtosis and skewness (Ghozali, 2017: 19).

Classic Assumption Test

Normality Test

The normality test aims to test whether in the regression model, confounding or residual variables have a normal distribution. Normality test can also use the Kolmogrov-Smirnov test to find out the significance of normally distributed data. With guidelines for decision making.

Multicollinearity Test

Multicollinearity Test is a condition that shows one or more independent variables there is a correlation or not with other independent variables. To detect multicollinearity problems can be seen from the value of tolerance and variance inflation factor (VIF). Regression that is free from multicollinearity is if the tolerance value ≥ 0.10 and $VIF \leq 10$. But if the tolerance value ≤ 0.10 and $VIF \geq 10$.

Autocorrelation Test

According to Ghozali (2017: 110) the autocorrelation test aims to find out whether in the linear regression model there is a correlation between t-period interrupt errors and t-1 (previous) period interrupt errors.

Heteroscedasticity Test

The Heteroscedasticity Test is a test that assesses whether there is a variance in residual variance for all observations in a linear regression model. This test is one of the classic assumption

tests that must be performed in linear regression.

Coefficient of Determination Test (R²)

The coefficient of determination (R²) basically measures how far the model's ability to explain the variation of the dependent variable. to predict how the percentage of models can predict the independent variable on the dependent (Ghozali, 2017: 97).

Simultaneous Test (Statistical F Test)

The F test basically shows whether all independent or independent variables entered in the model have a joint influence on the dependent variable. In this test also uses a significance level of 5%.

Partial Test

Ghozali (2013, 98-99) t-test statistical basically is to find out how far the influence of the independent variable (X) on the dependent variable (Y) partially. Hypothesis testing will be carried out using a significance level of 0.05 ($\alpha = 5\%$) or a confidence level of 0.95.

Moderated Regression Analysis (MRA)

According to Ghozali, (2017: 229) Interaction test is often referred to as Moderate Regression Analysis (MRA) because of the managerial ownership variable which is a moderating variable.

4. RESULT AND DISCUSSION

Descriptive Statistical Analysis

Based on the Descriptive Statistics Test Results Table shows research that reflects the results of the data are heterogeneous or homogeneous in nature fluctuating. The results of the smaller standard deviation of the average

Classic Assumption Test

Normality Test

The Kolmogorov-Smimov (K-S) Test Results of 50 research samples

showed normal distribution, which was indicated by a significant value in the Kolmogorov-Smirnov test greater than 0.05, 0.200.

Multicollinearity Test

Based on the Coefficients Multicollinearity Test Results, the variance inflation factor (VIF) value of each variable is less than 10 and the tolerance value of each variable is above 10% or 0.10, so it can be concluded that there is no multicollinearity.

Autocorrelation Test

Durbin-Watson value test value is - 0.00617 with a probability of 0.086; is above significant at 0.05 which means that the null hypothesis is accepted, so it can be concluded that random residuals or autocorrelations do not occur between residual values.

Heteroscedasticity Test

Based on the Image Heteroscedasticity Test Results the distribution of data points do not form patterns. Thus it can be concluded that heteroscedasticity does not occur.

Coefficient of Determination Test (R²)

Based on the Determination Coefficient Test Results Table it is known that R Square is 0.144 or 14.4%. This shows that the independent variable Corporate Social Responsibility and Leverage has an effect of 14.4%. While 85.6% is influenced by other variables not

Simultaneous Test (F Test)

Based on the F Test Result Table Equation 2 the F-calculated value is $2.285 < F\text{-table of } 3.20$. Because the F-count is $2.285 < F\text{-table } 3.20$ and the significant value is $0.075 > \alpha = 0.05$, Ho is accepted, so it can be concluded that the variables of corporate social responsibility, leverage and managerial ownership (Z) together affect the aggressiveness tax.

Partial Test (t Test)

Based on Table t Test Results Equation 1 t Test Results show as follows:

1. Corporate social responsibility has a significance value of 0.017 smaller than the significance level of 0.05. This shows that Corporate Social Responsibility has a positive effect on Tax Aggressiveness.
2. Leverage has a significance value of 0.164 greater than the significance level of 0.05. This shows that Leverage has no effect on Tax Aggressiveness.

Moderate Regression Analysis Result Test (MRA Test)

1. A constant of -0.301 indicates that if the independent variable (corporate social responsibility and leverage) is considered 0, then the aggressiveness of corporate tax is -0.301.
2. Hypothesis Results Corporate social responsibility has a positive constant value that is equal to 0.754 shows that if the independent variable of corporate social means the variable of corporate social responsibility affects the tax aggressiveness.
3. Leverage has a positive constant value of 0.015 indicating that if the independent Leverage hypothesis testing of tax aggressiveness is done by comparing the significance

value, where the significance value of leverage is $0.642 > 0.05$ then H2 is rejected. This means that the variable leverage does not affect the tax aggressiveness.

4. Corporate social responsibility towards tax aggressiveness with managerial ownership as moderating has a positive constant value of 0.184 indicating that if CSR variables are moderated by managerial ownership Testing the hypothesis of corporate social responsibility towards tax aggressiveness with managerial ownership as moderating is done by comparing the significance value, where the significance value of managerial ownership (Z) is $0.943 > 0.05$ then H3 is rejected. This means that managerial ownership weakens the relationship between Corporate Social Responsibility and Tax Aggressiveness.
5. Leverage on tax aggressiveness with managerial ownership as moderating has a positive constant value of 0.918 shows that if the Leverage variable moderated by managerial ownership H4 is rejected. This means that managerial ownership weakens the relationship between leverage and tax aggressiveness.

Table 1: Hypothesis Test Results Before Moderation test
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-,255	,127		-2,001	,051
CSR	,657	,265	,335	2,480	,017
Leverage	,029	,021	,191	1,414	,164

a. Dependent Variable: AP

$$AP = -225 + 0,657X1 + 0,029X2$$

**Table 2: Moderate Regression Analysis (MRA) Results test
 Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-,301	,140		-2,142	,038
CSR	,754	,306	,384	2,465	,018
Leverage	,015	,032	,096	,468	,642
CSR*VM	,184	2,530	,017	,073	,943
LV*VM	,918	1,530	,180	,600	,551

a. Dependent Variable: AP

$$AP = -0,301 + 0,754X1 + 0,015X2 + 0,184(X1m)+0,918 (X2m) + 0,140$$

Discussion of Hypothesis Test

Results

Effect of corporate social responsibility on tax aggressiveness

Corporate social responsibility has a positive effect on tax aggressiveness. If getting more positive towards corporate social responsibility, it can be concluded that the higher the CSR value, the higher the ETR value where the higher ETR value indicates a low level of tax aggressiveness.

Effect of leverage on tax aggressiveness.

Leverage can be concluded has no effect on the level of corporate tax aggressiveness. because the higher the level of debt of a company, the management will be more conservative in conducting financial reporting or company operations.

The influence of corporate social responsibility on tax aggressiveness with managerial ownership as moderating

Corporate social responsibility moderating managerial ownership weakens the relationship between the influence of CSR on tax aggressiveness. This is because CSR is an obligation that must be carried out by the company. Therefore, the size of shares owned by management does not affect the amount of CSR disclosure, so managerial ownership weakens the relationship

between the influence of CSR on tax aggressiveness.

Effect of Leverage on Tax Aggressiveness with managerial ownership as a moderating factor.

The test results that the moderated leverage managerial ownership weakens the relationship between the influence of leverage on tax aggressiveness.

5. CONCLUSION

Corporate social responsibility has a positive effect on tax aggressiveness. These results state that if the higher the company carries out CSR activities, the higher the attitude of responsibility the company has is reflected in its adherence to paying the amount of the tax burden that has been set or it can be concluded that the company is less aggressive towards tax avoidance.

Leverage has no significant effect on tax aggressiveness. This result concluded that the company did not use debt to avoid tax. It can be concluded because the higher the level of debt of a company, the management will be more conservative in conducting financial or operational reporting of the company.

Corporate social responsibility towards tax aggressiveness with managerial ownership Moderating managerial ownership weakens the relationship of CSR's influence on tax aggressiveness.

Moderated leverage managerial ownership Managerial ownership moderates the influence of leverage on tax aggressiveness. This is because the decision to use the funding source from debt is less closely related to the managerial ownership structure in the company.

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