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Tax Aggressiveness in Indonesia: Insights From CSR, Financial Dynamics, and Governance

Muhammad Arsalan Khan[1], Heru Tjaraka[2*]
[1,2] Department of Accounting, Faculty of Economic and Business, Universitas Airlangga

ABSTRACT: This study explores the impact of CSR, leverage, profitability, and independent commissioners on tax aggressiveness in 45 food and beverage companies on the Indonesian Stock Exchange from 2013 to 2017. The analysis, using multiple linear regression in SPSS, revealed that CSR positively influence tax aggressiveness, while independent commissioners have a negative influence. However, neither profitability nor leverage significantly influences tax aggressiveness. We conducted a sensitivity analysis using different proxy variable for dependent variable and found that CSR and independent commissioner remain significant in both the ETR and BTD models for tax aggressiveness. However, the significance of profitability and leverage differed between the two models. In the ETR model, neither profitability nor leverage was significant. In contrast, in the BTD model, profitability was significant, but leverage was not. Our findings reinforce the importance of CSR, profitability, leverage, and independent commissioners in explaining tax aggressiveness. The study provides insight into the need for regulators to reduce tax aggressiveness by companies.

KEYWORDS: corporate social responsibility (CSR), firm value, leverage, independent commissioner, profitability, tax aggressiveness.

1. INTRODUCTION

The speed of economic advancement is accelerating, leading businesses to pursue maximum profitability (Sutduean & Jermsittiparsert,2019). The government plays a crucial role in regulating, stabilizing, and developing the nation's economy. Consequently, it requires substantial funding to implement and support the country's development initiatives effectively. Taxes, loans, and BUMN/BUMD profits, among other things, are sources of state funding. Tax revenues represent the state's largest possible source of income (Pradnyadari & Rohman,2015). However, the government's objective to maximize tax revenue contradicts the goals of corporations as taxpayers, as taxes represent costs that decrease their net profits (Putra et al. 2018). Consequently, companies strive to minimize their tax burden to enhance their earnings, thereby benefiting owners and securing the long-term sustainability of the company. In addition, the present economic progress is becoming increasingly advanced, resulting in increasingly fierce competition and pushing companies to compete to "thrive and survive" in their businesses. Managers use a variety of strategies to combat competition, one of which is maximizing the firm's value (Mackey et al.,2017).

Indonesian companies perceive taxes as costs that can potentially impact their profit margins. Consequently, company management often seeks ways to effectively reduce tax expenses and save money on taxes to minimize their tax liabilities. As a result, the corporation may favor management that is more aggressive with taxes (Wilson, 2009). "Tax aggressiveness" is a more defined activity that incorporates actions with the main objective of reducing corporation tax payments (Balakrishnan et al. , 2019). Companies that are tax-aggressive are also noted for their lack of transparency. Current empirical research demonstrates that tax aggressiveness is more prevalent in companies with poor corporate governance (Pradnyadari & Rohman,2015). Tax evasion can result in both marginal benefits and marginal costs. The marginal benefit that can be gained is large tax savings for the company; however, the marginal cost that may occur is the cost of being subject to fines or tax sanctions if an inspection is conducted (Zolt,1989;343).

Tax aggressiveness refers to manipulating taxable income through both legal means, such as tax avoidance, and illegal means, such as tax evasion (Frank & Rego, 2009). This is done due to conflicting interests between companies and the government, with government taxes serving as a means to increase state revenue. Hence, the government aims to maximize tax revenue to fund routine operations and development expenses, while corporations perceive taxes as expenses that can reduce their net profit. As a result, corporations strive to minimize their tax payments as much as they can. Managers of these firms actively search for ways to exploit loopholes and reduce their tax liabilities, with the aim of paying the least amount of tax possible. This utilization of tax loopholes ultimately reduces the overall tax burden.

In addition, it can be contended that tax aggressiveness denotes a company's intentional strategy to minimize its tax obligations through legal or, in some instances, potentially illicit means, such as tax evasion and strategic planning. This strategy is employed to enhance the firm's value by optimizing its financial performance through a reduction in tax burdens (Badertscher & Rego, 2013).

Engaging in tax aggressiveness can increase a company's profitability and cash flow. However, this poses an ethical dilemma, implying a reduction in support for government initiatives and social programs. Companies prioritizing maximizing profits through tax aggressiveness can be considered socially irresponsible (Zeng,2016). Businesses that have lower Corporate Social Responsibility (CSR) ratings are often viewed as lacking in social responsibility. This perception might afford them more freedom to employ more assertive tax strategies in comparison to socially responsible companies (Panayi, 2015; 43). Each organization has its own CSR implementation approach and level of awareness (Kotler & Lee,2008). Companies will know how crucial their commitment to paying taxes is if they are more aware of the significance of CSR (Jenkins & Newell, 2013). Companies' stock values may suffer if they don't pay taxes in accordance with CSR standards (Baudot et al.,2020). On the other hand, a corporation's value will rise the better it is in economic, social, and environmental aspects.

Profitability pertains to a company's ability to generate profits. or the overall financial success of its operations within a specified timeframe (Kabajeh et al.,2012). Profitability is the ratio that illustrates the relationship between revenues and costs when utilizing both current and fixed company assets in productive operations (Gitman & Zutter,2012). The profitability of a company is gauged through the return on assets (ROA), which evaluates its performance. It has been noted that companies with higher profitability are more inclined to pursue tax aggressiveness as a strategy to lower their tax obligations (Ann & Manurung, 2019). Conversely, it is important to highlight that high profitability indicates promising prospects for a company, which in turn enhances its value in investors' perception (Kristi & Yanto, 2020).

Leverage is a crucial factor that influences tax aggressiveness. It represents a ratio that underscores the connection between a company's debt and its capital and assets. According to research by Chytis and colleagues (2019), it is common for companies to secure external funding to support their operations. As a firm accumulates debt, this leads to the emergence of interest expenses, ultimately resulting in a decrease in the company's tax liability. In the development of an alternative capital structure to reduce tax expenses, the decisions made by managers frequently become pivotal in determining whether a significant level of debt should be reported in the company's financial statements (Lanis & Richardson, 2007). In contrast, the research of Ardyansah and Zulaikha (2014) shows that tax aggression is unaffected by leverage and profitability.

The impact of independent commissioners on tax aggressiveness has been studied by Armstrong et al. (2015). According to their research results, an uptick in the proportion of independent commissioners correlates with an increased tax burden. However, Barnhart & Rosenstein (1998) show that the more outside directors (independent commissioners) on a corporate board, the more independent and effective the board is, which gives the company a good image. Furthermore, a higher debt ratio increases the likelihood of a company being unable to repay its debts, potentially diminishing the firm's perceived value in the eyes of investors.

The novelty of this study lies in its comprehensive examination of the intertwined factors of Corporate Social Responsibility (CSR), financial dynamics, and governance within a single investigation. By analyzing these elements concurrently, the research offers a holistic understanding of their collective influence on tax aggressiveness. This integrative approach allows for a deeper exploration of the complex interplay between CSR practices, financial metrics such as leverage and profitability, and governance structures, shedding light on their combined impact on tax behavior in the Indonesian food and beverage sector. Through empirical analysis and sensitivity testing, the study provides valuable insights into the multifaceted nature of tax aggressiveness and its implications for regulatory frameworks and corporate practices.

2. LITERATURE STUDY AND HYPOTHESIS

2.1 Agency Theory

Jensen and Meckling (1976) and Linder and Foss (2015) explain that the agency theory explains a relationship or contract in which an individual or a couple of principals (owners) instruct another agent (manager) to provide a service on the principal (owner) behalf and the agent (manager) is entrusted with authority to make optimal decisions in the principal's (owner's) best interests.

Agency theory is a theoretical framework that delves into the creation of work agreements designed to incentivize agents to align their actions with the objectives of the principal. It recognizes the existence of an information asymmetry between managers, who act as agents, and owners, who act as principals. As company executives, managers possess greater internal knowledge about the company, creating a disparity in the information available to managers and owners. Due to differing interests between agents and principals, aggressive tax activities can arise. Managers, on one hand, strive to enhance their compensation by maximizing profits, whereas shareholders aim to minimize tax costs by diminishing profits. As a result, aggressive tax avoidance behaviors emerge as a means to reconcile this agency problem and optimize the interests of both parties (Yu, 2018).

2.2 Tax Aggressiveness

Tax aggressiveness, as explained by Frank et al. (2009), Armstrong et al. (2012), Badertscher et al. (2013), and Ogbeide and Obaretin (2018), explain that tax aggressiveness refers to a focused set of activities that involve various transactions aimed at reducing the tax burden of a company. It encompasses the strategic actions taken to minimize tax costs through effective tax planning, which can be achieved through legitimate methods, commonly known as tax avoidance, and through illicit means, referred to as tax evasion. Although not all tax planning efforts are unlawful, the more loopholes a corporation uses, the more aggressive it is considered to be. This is in line with Hlaing (2012), who concludes that tax aggressiveness is an activity of tax planning for all corporations aiming to lower their effective tax rate (Hlaing, 2012).

Tax avoidance is a strategic approach to minimize tax liabilities by capitalizing on tax regulations' loopholes to enhance tax payment efficiency, as explained by Putra and colleagues in 2018. Meanwhile, tax evasion is a method of planning taxes that breach tax laws and regulations, for example, by not reporting sales properly or creating fictitious costs (Wang et al.,2020). Typically, the degree of tax aggressiveness is influenced by the anticipated benefits and associated risks it may entail.

The benefits of corporate tax aggressiveness encompass reduced tax expenses, leading to increased profits for the owner, or savings that can be invested in business initiatives aimed at future earnings growth. Additionally, for agents, tax aggressiveness can potentially result in higher bonuses from owners, attributed to increased net income due to tax savings. Conversely, the drawbacks of corporate tax avoidance involve the risk of penalties from tax authorities and a potential decline in the company's stock price as other shareholders become aware of management's tax avoidance practices. Moreover, the government may experience a reduction in state revenue due to these stringent corporate tax policies (Suyanto & Supramono, 2012; 16). In this study, the effective tax rate proxy is employed as a metric for assessing tax aggressiveness. The effective tax rate is computed by comparing the tax burden to pre-tax profits, serving as an indicator of how a company's tax burden influences its pre-tax profitability (Drake et al., 2020; 101317).

2.3 Hypothesis Development

2.3.1 Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) refers to a company's dedication to responsible actions in economic, social, and environmental domains, with the aim of enhancing the welfare of the community and the environment. The triple bottom-line approach emphasizes integrating financial success, societal well-being, and environmental stewardship for long-term profits (Slaper & Hall, 2011). CSR emerged due to the natural profit-seeking tendency of companies, and it has become vital for their long-term survival (Sen et al., 2006). Indonesian legislation mandates that limited liability companies include CSR details in their annual reports, aligning with the Global Reporting Initiative (GRI) framework, which encompasses six facets: economic performance, environmental impact, labor practices, human rights, societal contributions, and product responsibility (Article 66(2c) of Law No. 40 of 2007). Practicing CSR can enhance a company's reputation, leading to operational flexibility and resilience during crises (Kotler & Lee, 2008).

Previous studies have indicated a positive correlation between Corporate Social Responsibility (CSR) and a company's tendency to practice tax aggressiveness (Lanis & Richardson, 2012). Greater involvement in CSR activities is linked to an increased likelihood of employing tax-aggressive strategies. This connection arises from the deductibility of certain CSR expenses, which effectively reduces the company's taxable income. However, on the flip side, an increased focus on CSR activities is linked to a reduced likelihood of adopting aggressive tax practices. This is because CSR initiatives have positive effects on community engagement, environmental preservation, employee well-being, and stakeholder relationships, all of which discourage the use of aggressive tax strategies (Lanis & Richardson, 2011). In light of these disparities in the literature, the following hypotheses have been formulated:

H1: Corporate Social Responsibility significantly impacts the level of tax aggressiveness

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2.3.2 Profitability

Profitability is a metric that assesses a company's capacity to generate profits by effectively utilizing its resources and capabilities, which include sales, asset utilization, and capital utilization. This ratio can also serve as an indicator of management effectiveness. The ability of management to maximize profits for the organization showcases strong performance (Carmeli & Tishler, 2004). Profitability refers to the correlation between costs and the profits generated by a company's existing and fixed assets in productive operations (Gitman & Zutter, 2012).

A company's income tax obligation increases in direct proportion to its income, and companies with high levels of profit actually pay a low tax burden (Lanis & Richardson,2012). These findings align with research conducted by Mohammadzadeh et al. (2013), Gryčová and Steklá (2015), and Yazdanfar and Öhman (2015), all of which indicate a negative relationship between profitability and tax aggressiveness. They propose that highly profitable companies tend to be more compliant with tax payments because they encounter no challenges in meeting their obligations to the government. Given these insights from the literature, the following hypothesis can be derived:

H2: Profitability significantly impacts the level of tax aggressiveness

2.3.3 Leverage

Leverage is a ratio that evaluates a business's capacity to fulfil all of its immediate and future obligations (Jamaludin et al.,2019). This ratio is of paramount importance in deciding whether to opt for borrowed funds or capital as an alternate means of financing the company's assets (Welch, 2011). The company's debt constitutes a fixed cost in the form of interest payments. As the company's debt load increases, so does the associated interest expense. It is worth noting that high-debt corporations may benefit from tax advantages in the form of reduced loan interest rates. Companies with high levels of debt may benefit from tax advantages in the form of lower loan interest rates, resulting in potential tax savings. Therefore, these companies can potentially reduce their tax liabilities by taking on additional debt (Lanis & Richardson, 2015).

According to Lanis and Richardson (2015), Salaudeen (2017), and Chytis et al. (2019), leverage exhibits a statistically significant positive influence on tax aggressiveness. However, research by Badertscher et al. (2013) contradicts this, suggesting that companies with higher leverage are less likely to engage in tax aggressiveness because they gain tax advantages from debt financing. In light of these insights, the following hypotheses can be formulated:

H3: The level of leverage significantly impacts a company's tax aggressiveness.

2.3.4 Independent Commissioner

Independent commissioners are individuals appointed by a corporation who have no direct or indirect affiliation with the company (Cooper & Owen, 2007). The corporation appoints an independent commissioner to oversee how the company's internal administration is run and to serve as a mediator between corporate management and owners when deciding on strategic or policy matters, including tax matters. Because he has an objective and a low risk of internal conflict, the independent commissioner is trusted to arbitrate between the two parties (Mujiani, 2021).

Meanwhile, in compliance with Regulation 33/POJK.04/2014, Article 20, paragraph 3, mandated by the Financial Services Authority, companies are required to appoint a minimum of 30% (thirty percent) of the Board of Commissioners' members during the General Meeting of Shareholders (GMS). Independent commissioners play a significant role in determining how much a firm will pay in taxes (Sunarto et al., 2021). The more independent commissioners there are, the more power they have to monitor management's performance, which would reduce management's aggressive treatment of corporate taxes. Independent commissioners typically keep an eye out for compliance by the corporation with all relevant laws and rules.

H4: The presence of independent commissioners significantly impacts the level of company’s tax aggressiveness.

2.4 Research Framework

Figure 1 depicts the the effect of various factors, including independent variables such as corporate social responsibility (CSR), Profitability (X2), Leverage (X3), and Independent Commissioner (X4) on dependent variables Tax Aggressiveness (Y1). In accordance with Figure 1, Hypothesis Ha will examine the impact of independent variables on tax aggressiveness, while Hypothesis Hb will assess the influence of independent variables on firm value

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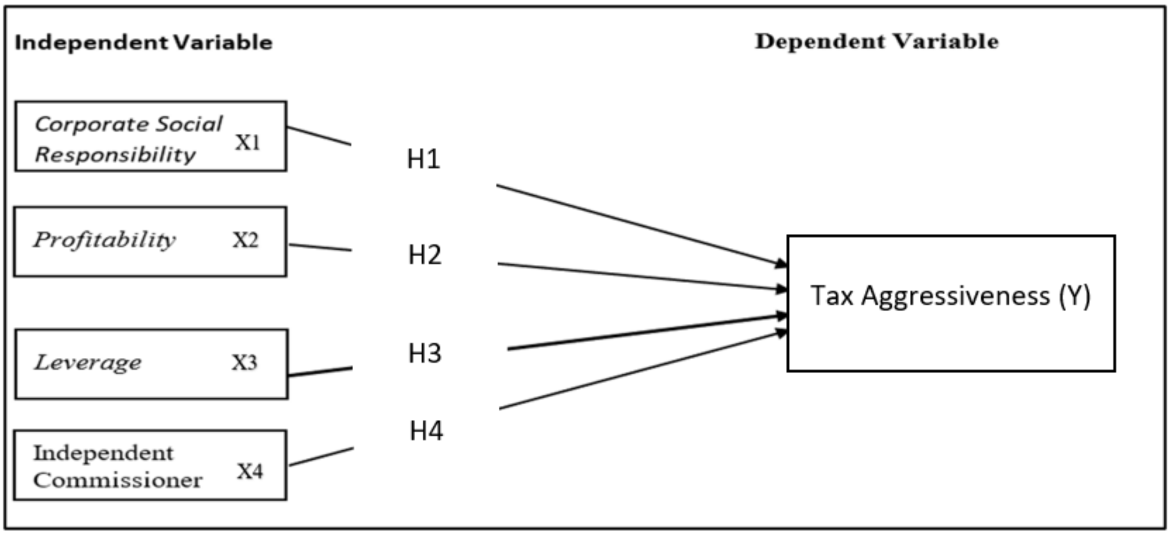

Figure I: Research Framework
Source: Constructed by the researcher based on variable used

3. RESEARCH DESIGN

3.1 Population and Sample

The study revolves around companies in the food and beverage sector that are publicly listed on the Indonesia Stock Exchange (IDX) during the period from 2013 to 2017. Information was sourced from www.idx.co.id, and evaluations of Corporate Social Responsibility disclosures were conducted based on the Global Reporting Initiative (GRI) G4 framework.

The chosen period (2013-2017) represents stability in Indonesia's food and beverage industry, with the exclusion of the COVID-19 period (2020 onwards) due to its unpredictable effects. This sector was selected as its products are essential and less susceptible to financial crises.

Indonesia was chosen as the study's location due to its unique institutional setting, rapid economic growth, and distinct tax system, as noted in prior research. This suggests the existence of unique factors influencing tax aggressiveness and firm value.

Furthermore, the food and beverage sector is a significant contributor to Indonesia's economy, comprising 40% of manufacturing output and 10% of GDP. This makes it a valuable area for studying factors affecting financial performance, with nine relevant businesses included in the sample.

This study employs purposive sampling, a nonrandom technique, to select the sample. The purpose of this sampling approach is to carefully select samples based on specific criteria that align with the study's objectives.

The study's sampling criteria were as follows:

- Companies that consistently submitted annual reports on IDX from 2013 to 2017 and made audited financial reports publicly available.
- Companies that did not report negative profit/loss, as loss-making companies are exempt from taxation.

3.2 Variable and Measurement

In this study, we aim to examine the relationship between tax aggressiveness and various factors influencing firm performance. The dependent variable in our analysis is Tax Aggressiveness (ETR), denoted as Y1. Tax aggressiveness is a critical measure reflecting a firm's approach to tax management and its willingness to engage in tax planning strategies to minimize tax liabilities. ETR ratio used to masure the aggressiveness:

$$ETR = \frac{Income\ tax\ Expense}{Earning\ Before\ Tax}$$

The study incorporates several independent variables that may influence tax aggressiveness and firm value. Corporate Social Responsibility (CSR), denoted as X1, is a critical variable reflecting a firm's commitment to social and environmental concerns. CSR is measured through content analysis of the checklist employs GRI G4 (91 items) for CSR disclosur:

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CSR = $\frac{N\,(total\ item\ company\ disclosure)}{91}$

Profitability (ROA), represented as X2, measures the return on assets and indicates the firm's operational efficiency. Profitability is measure with ROA ratio below:

ROA: $\frac{EBT}{Total\ Asset}$

Leverage, denoted as X3, is another independent variable considered in the study. It reflects the extent to which a firm relies on debt financing, which can have implications for both tax aggressiveness and firm value. Debt to asset ratio will be used to assess leverage:

Leverage = $\frac{Total\ Liabilities}{Total\ Asset}$

Lastly , Independent Commissioners (X4) is included as an independent variable, reflecting the governance structure and oversight mechanisms within the firm. it is asses through the percentage of independent commission out of all member of commissione in a company:

$Independent\ commissioner = \frac{\sum Independent\ comissioner}{\sum Member\ of\ comissioner}$ x 100 %

3.3 Multiple Linear Regression Model

The data analysis methods employed in this study included the utilization of multiple linear regression analysis models. The formula for multiple linear regression used is as follows:

Model 1 For Independent Variable Tax Aggressiveness

ETR = α + β1CSR + β2PRO + β3LEV + β4IC + ε

Information:

ETR = Tax Aggressiveness
α = Constant
CSR = Corporate Social responsibility
PRO = Profitability
LEV = Leverage
IC = Independent Commissioner
β = Regression Coefficient
e = Predictive Error (error)

4. RESULTS AND DISCUSSIONS

4.1 Result of the Descriptive Test

The features of the study's variables are made clear by the descriptive statistics (See Table 1). The range of "CSR" (Corporate Social Responsibility) values was 0.12 to 0.38, with a standard deviation of 0.06414 and an average of 0.2476. The Profitability (or "PRO") scale was 0.02 to 0.88, with a standard deviation of 0.17648 and an average of 0.1940. The range of "LEV" (leverage) was 0.15 to 0.75, with a standard deviation of 0.16143 and a mean of 0.4270. The Independent Commissioner ("IC") varied from 0.25 to 0.57, with a standard deviation of 0.07571 and an average of 0.4040. With a mean of 0.2564 and a standard deviation of 0.13576, the "ETR" (Effective Tax Rate) varied from 0.19 to 0.35. The study was based on a sample of 45 observations.

Table 1. Descriptive analysis

Variable	Min	Max	Mean	Std.dev
CSR	0.12	0.38	0.2476	0.06414
PRO	0.02	0.88	0.1940	0.17648

LEV	0.15	0.75	0.4270	0.16143
IC	0.25	0.57	0.4040	0.07571
ETR	0.19	0.35	0.2564	0.13576
Observation		45		

Source: Descriptive analysis conducted using IBM SPSS Statistics software.

4.2 Result of Regression Analysis

Based on the results obtained from the multiple linear regression analysis in Table 2, the adjusted R2 coefficient for evaluating the impact of CSR, profitability, leverage, and independent commissioners on tax aggressiveness is 0.273, which corresponds to 27.3%. This indicates that only 27.3% of the variance within the model can be accounted for by these four variables. The remaining 72.7% of the variance is influenced by other unexamined factors not included in this study. It's important to note that the prerequisites for multiple linear regression, including the normal distribution of data and the absence of multicollinearity (as evidenced by tolerance values exceeding 0.10 and VIF values below 10), have been met.

The derived regression equation is as follows: ETR = 0.234 + 0.347 X1a (CSR) - 0.009 X2a (profitability) + 0.010 X3a (leverage) - 0.164 X4a (IC). Notably, the variables exerting significant influence on tax aggressiveness are CSR and independent commissioners. The results establish a noteworthy correlation between CSR and tax aggressiveness (B = 0.347, p = 0.000). This implies that a 1% increment in corporate social responsibility corresponds to a 0.347 increase in tax aggressiveness.

The variable for independent commissioners (B = -0.164, p = 0.034) also significantly affects tax aggressiveness. A rise of 1% in the number of independent commissioners results with a reduction of tax aggression by 0.164.

Nevertheless, the variables of profitability and leverage do not exhibit a substantial impact on tax aggression, since their p-values exceed 0.05. Consequently, the initial hypothesis (H1a) and the fourth hypothesis (H4a) are accepted, signifying that corporate social responsibility (CSR) and independent commissioners have a significant influence on tax aggression. Conversely, the second hypothesis (H2a) and the third hypothesis (H3a) are rejected, indicating that profitability and leverage have no significant impact on tax aggression.

Table 2: Regression Analysis for Dependent Variable Tax Aggressiveness

Independent Variables	**Tax Aggressiveness**		
	Unstandardized (B)	**Standardized (β)**	**Sig**
CSR	0.347	0.623	0.000
PRO	-0.009	-0.047	0.741
LEV	0.010	0.046	0.736
IC	-0.164	-0.346	0.034
Constant		0.234	
R^2		0.339	
Adj R^2		0.273	
F		5.121	
Sig		0.002	

Source: Regression analysis conducted using IBM SPSS Statistics software.

4.3 Discussion

The research results suggest that the disclosure of corporate social responsibility (CSR) has a notably positive impact on tax aggressiveness.. Companies that engage in CSR activities, such as scholarship programs, community health initiatives, and environmental preservation, incur costs that can be claimed as tax-deductible expenses. As a result, many companies utilize CSR as a means to reduce their gross profits. This aligns with a study conducted by Lanis and Richardson (2012), similarly identified a positive correlation between CSR and tax aggressiveness

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In this research, we evaluated profitability using the Return on Assets (ROA) ratio, a metric that assesses a company's effectiveness in generating profits from its resources within a specific timeframe (Susanti, 2020). Our findings indicate that profitability does not exert a significant impact on tax aggressiveness. This is primarily due to the necessity for companies to maintain profitability to maintain their standing with investors and clients. These results are consistent with the research carried out by Dianawati and Agustina (2020), which also concluded that profitability does not significantly influence tax aggressiveness. The rationale behind this is that elevated profitability typically signifies that a company is not grappling with financial difficulties, including meeting its tax obligations.

According to Ribeiro (2015), there is no relationship between leverage and tax aggressiveness. Companies with a lot of leverage are more likely to get close monitoring from third parties. The greater the leverage, the greater the possibility that the company will not be able to pay off its obligations (Dianova & Nahumury,2019). If the company does not have a satisfactory profit, its ability to carry out obligations to third parties will be doubted. So, companies with high levels of liabilities will increase profits for the current period. This indicates that the company is not aggressive in carrying out its tax obligations.

Based on our findings, independent commissioner has a significant negative impact on tax aggression by companies. This suggests that when the number of independent commissioners rises, tax aggressiveness tends to decrease. In simpler terms, a greater presence of independent commissioners is linked to a higher tax burden. Independent commissioners are tasked with reporting the company's tax responsibilities based on the applicable tax rate applied to its profits. They fulfill a pivotal role in overseeing and governing the organization, acting as mediators between management and owners, and ensuring that strategic and policy decisions adhere to relevant regulations. These findings stand in contrast to the research conducted by Wahab and Holland (2012), which proposes that independent commissioners have no impact on tax aggressiveness.

4.4 Additional Analysis for Robustness Test

In order to evaluate the robustness of our findings, we conducted a sensitivity analysis by incorporating alternative indicators for the dependent variable . Specifically, we replaced the ETR measure of tax aggressiveness with the BTD measure (See Table 3), This approach allowed us to scrutinize the consistency of our results across different measures of tax aggressiveness.

Our findings revealed that the independent variables CSR (Corporate Social Responsibility) and independent commissioners were statistically significant in both the ETR and BTD models. This suggests that the influence of CSR and independent commissioners on tax aggressiveness remains consistent when using different measures. However, the outcomes diverged concerning the significance of profitability and leverage. In the ETR model, neither profitability nor leverage exhibited statistical significance. Conversely, in the BTD model, profitability demonstrated significance, while leverage did not. This suggests that the selection of proxy variables may influence the significance of certain independent variables but not others.

Collectively, our findings imply that the impact of certain independent variables on tax aggressiveness could be sensitive to the choice of a proxy variable. This strengthens the validity of our findings, reinforcing the importance of CSR, profitability, leverage, and independent commissioners in explaining tax aggressiveness.

Table 3: Regression Analysis for Tax Aggressiveness using BTD

Independent Variables	Tax Aggressiveness (BTD)		
	Unstandardized (B)	**Standardized (β)**	**Sig**
CSR	-0.185	- 0.078	0.048
PRO	0.817	0.938	0.000
LEV	-0.031	- 0.033	0.383
IC	-0.071	-0.102	0.018

Source: Regression analysis conducted using IBM SPSS Statistics software

5. CONCLUSION

The examination of tax aggressiveness yields several conclusions. Corporate Social Responsibility (CSR) positively impacts tax aggressiveness, with higher CSR disclosure associated with increased tax aggressiveness. Profitability and leverage, however, do

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not influence tax aggressiveness, as companies prioritize maintaining profits and may use leverage for non-operational purposes. Independent commissioners negatively affect tax aggressiveness by accurately reporting taxes based on applicable rates.

A sensitivity analysis using alternative proxy variables confirms the significance of CSR and independent commissioners for tax aggressiveness, while the significance of profitability and leverage varies between models.

Limitations include a limited sample of food and beverage companies listed on the Indonesia Stock Exchange, affecting generalizability. Future research should include companies from other sectors for comprehensive results. Additionally, reliance on Effective Tax Rate (ETR) as a proxy for tax aggressiveness may benefit from incorporating other proxies such as CashETR, GaapETR, BTDs, Tax Shelter Activity, and Marginal Tax Rate for more nuanced outcomes.

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