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ANALYSIS THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON TAX AVOIDANCE WITH PROFITABILITY AND FIRM SIZE AS MODERATING VARIABLES (EMPIRICAL STUDY ON MINING SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE IN 2013-2017)

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Abstract

Nowadays, all companies, especially companies that utilize Natural Resources in running their business operations, are required to implement CSR activities. On the other hand, the company also should make tax payments. Both of these obligations have the same goal to improve the welfare of the community. This condition allows companies to make a substitution between CSR and tax expenses. Therefore, this research aims to know whether CSR affects tax avoidance, and the influence of profitability and firm size as factors that moderate the relationship between CSR and tax avoidance. CSR disclosures are measured by using GRI disclosure indicators, the G4 index. While the tax avoidance, profitability, and firm size variables are measured by CETR, ROA, and natural logarithms of the total assets of the company. The results of this study conclude that CSR has a negative effect on tax avoidance. Then firm size variables are able to moderate by strengthening the negative influence of CSR on tax avoidance. However, in this study, profitability does not moderate the relationship between CSR and tax avoidance because of the weakening conditions of global economic growth, particularly in the mining industry.

Keywords*: CSR, tax avoidance, profitability, firm size*