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The Mediating Effect of Corporate Social Responsibility on Ownership Structure and Corporate Tax Avoidance Relationship

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ABSTRACT

Tax avoidance is a legal method for minimizing company taxes by exploiting loopholes in the tax system. Ownership structure plays an important role in a company's tax avoidance decisions, because the level of ownership can give rise to differences in attitudes in a company's decision-making, including decisions regarding tax avoidance activities. This research aims to analyze the mediating effect of corporate social responsibility ownership structure on tax avoidance. This research sample includes manufacturing companies listed on the Indonesia Stock Exchange. The sampling technique used in this research was purposive sampling, so the sample used amounted to 249 data. Path analysis is used as an analysis method. This research shows that ownership structure encourages corporate social responsibility practices in companies. The research results show that corporate social responsibility can mediate the influence of ownership structure on tax avoidance. The research provides main implications regarding the important role of social responsibility for companies to minimize the potential for tax avoidance.

1. INTRODUCTION

Tax avoidance is a legitimate effort carried out by a company without violating applicable tax laws and regulations, as well as the methods and techniques used to exploit the vulnerabilities of tax laws and regulations (Napitupulu et al., 2019). Taxes are considered a material cost for the company and cash flow reporting to owners is minimized (Suranta et al., 2020). This can motivate companies to reduce their tax burden through tax avoidance strategies (Chen et al., 2010). Tax avoidance in this case is not merely the company not paying tax, but rather to reduce the amount of tax owed in accordance with tax provisions (Sambharakreshna & Kompyurini, 2016). Generally, tax avoidance is carried out by companies as an effort to legally reduce the tax burden (Pravita et al., 2022). The tax avoidance strategy that can be implemented legally is a tax planning strategy. This strategy can regulate the company's accounting and finances with the aim of minimizing tax obligations so as not to violate tax regulations. In this case, it means covering all tax management functions. For example, in determining the form of a business entity, you must consider the limits of authority and responsibility of the owner, financial capabilities, and future business development. Tax avoidance allows companies to maximize profits so that company value increases (Mustafid & Sutandijo, 2023).

The company that legally avoids taxes is PT. Adaro Energy Tbk. The Global Witness report, Taxing Times for Adaro, published on Thursday, July 4 2019, stated that Adaro was suspected of fleeing its income and profits abroad to reduce the tax burden paid to the Indonesian government. According to Global Witness, this scheme was designed by selling coal at a lower price to Adaro's subsidiary in Singapore, Coaltrade Services International, which then resold it at a higher price. Adaro reportedly diverted profits from coal mining in Indonesia. This is done to avoid taxes in Indonesia. The report also shows that from 2009-2017, PT. Adaro Energy Tbk, through its subsidiary in Singapore, Coaltrade Services International paid

$125 million, or IDR 1.75 trillion (exchange rate: 14,000) less than what it should have paid in Indonesia. PT. Adaro Energy Tbk may have reduced Indonesia's tax burden by channeling more funds through tax havens, thereby reducing the funds available to the Indonesian government for essential public services by almost $14 million annually (Thomas, 2019). By using this case study, the Theory of Planned Behavior (TPB) helps explain the tendency of companies to take planned tax avoidance actions (Hidayat & Nugroho 2010) explains that the behavior of individuals who are not tax compliant is influenced by their intention to act non-compliantly. Tax-conscious taxpayers believe in the importance of paying taxes (Mustikasari, 2007). In contrast to taxpayers who do not realize the importance of paying taxes, the taxpayer's rationality will influence the assessment of tax avoidance behavior.

However, there are several cases related to illegal tax evasion, such as the PT PR case. There was a finding of an Annual Notification Letter (SPT) for the Period of Value Added Tax (VAT) for the period January-December 2015 whose contents were incorrect in the name of PT PR. The North Jakarta Regional Directorate General of Taxation is taking firm action against tax violators. Two leaders of PT PR, namely the Commissioner of PT PR with the initials YS and the Director of PT PR with the initials TMESL are suspected of submitting fake tax reports. The two suspects committed tax evasion worth IDR 292 billion. For their actions, the two suspects were subject to Article 39 paragraph (1) letter d juncto and Article 43 paragraph (1) of Law Number 6 of 1983 concerning General Provisions and Tax Procedures as updated by Law Number 16 of 2009 with the threat of a maximum sentence of 6 years in prison (Putra, 2022).

The fact is that Indonesia has a self-assessment-based tax law, where the system gives taxpayers the freedom and trust to calculate, pay and report their own taxes according to the transactions they carry out. It is possible that it will pose a high risk for the Directorate General of Taxes in trying to contribute to APBN tax revenues when taxpayers have low tax compliance. Therefore, the Directorate General of Taxes monitors taxpayer compliance with their tax obligations by carrying out mapping, profiling, benchmarking and counseling processes. From this procedure, if errors or irregularities are found in the SPT data, an examination will be carried out to ensure whether the contents of the SPT submitted by the Taxpayer to the KPP are appropriate. When a tax audit is carried out, the taxpayer must be able to prove to the tax office that the tax has been calculated and paid in accordance with the provisions of the applicable tax laws and regulations. Therefore, taxpayers must have accounts or records to document their trading activities.

If a taxpayer deliberately does not carry out bookkeeping or uses incorrect bookkeeping procedures and causes losses to the nation, then the person concerned will be punished with imprisonment for a maximum of 6 months and a maximum of 6 years. Fined at least twice the amount of unpaid or underpaid tax and up to 4 times the amount of unpaid or underpaid tax (Agoes & Trisnawati, 2020). However, institutional ownership is also expected to suppress tax avoidance behavior by holding at least 5% of shares, with the expectation that higher institutional ownership will result in greater control as well. Furthermore, institutional ownership can be used as a motivator to increase the effectiveness of management performance monitoring (Muhadianah & Zulfiati, 2020).

The relationship between institutional ownership and tax avoidance has been studied extensively, with mixed results Jiang et al., (2021) conclude that increasing share ownership by institutional investors is likely to encourage corporate tax avoidance in China. The results of his research also show that the characteristics of institutional investors pay more attention to the company's short-term profits, thereby creating certain incentives to increase corporate tax avoidance. Research conducted Sunarto et al., (2021) aims to examine the influence of corporate governance on tax avoidance in banking companies listed on the Indonesia Stock Exchange. The results of this study conclude that institutional ownership has a positive effect on tax avoidance. However, this view is contrary to research Alkurdi & Mardini, (2020) the findings show that tax avoidance has a negative impact on institutional ownership.

In contrast to previous research which only examined the direct relationship between institutional ownership and corporate tax avoidance, this research further explores how CSR has the potential to mediate this relationship (Dakhli, 2022). Generally, CSR has a positive impact on the company's reputation and performance (Mareta et al., 2020; Wardhaningrum et al., 2022). Based on previous research examining the impact of institutional ownership on corporate tax avoidance, it has been limited to investigating testing direct relationships and has not considered indirect analysis. Therefore, researchers are interested in analyzing what has been relatively neglected by previous researchers and are interested in gaining new insights regarding the relationship between tax avoidance and institutional ownership. From the description above, this research aims to determine the effect of ownership structure on tax avoidance through CSR in manufacturing companies listed on the Indonesia Stock Exchange (BEI) for the 2021-2022 period. This research focuses on problems that exist in the world of taxation, especially ownership structure, corporate social responsibility as mediation and control through leverage, company size and ROA in manufacturing companies listed on the Indonesia Stock Exchange (BEI) for the 2021-2022 period. Therefore, the results of this research aim to provide considerations for policy makers in making regulations related to taxation.

2. LITERATURE REVIEW

Agency theory is a statement regarding the contractual relationship between company management and business owners, and can also be said to be a statement of the relationship between the agent and the principal (Jensen & Meckling, 1976). Typically, certain tasks for the principal are performed by the agent, after which the principal is obliged to compensate the agent (Hendriksen & Breda, 1992). Jensen & Meckling, (1976) states that an agency relationship is a contract between one or more principals involving the company to perform various services and is given the authority to make decisions to the company. It is true that managers (agents) know more about the company's internal information and future prospects than entrepreneurs (principals) (Rohma, 2022). However, financial reports submitted by stakeholders can minimize the information asymmetry that occurs. Therefore, financial reports can bse said to be a means of communicating financial information to external stakeholders of a company (Rachmawati, 2008; Rohma & Anita, 2024).

Financial reports prepared specifically for tax purposes in accordance with all tax regulations are called fiscal financial reports. Commercial financial reports can also be converted into fiscal financial reports with necessary changes or in accordance with tax regulations (Dian et al., 2014). For taxpayers, recording company finances to find out the amount of tax owed is also important for tax planning (Agoes & Trisnawati, 2020). Tax planning includes things like minimizing tax rates and maximizing deductible fiscal costs, as well as maximizing income that can be deferred or excluded from taxation (Dian et al., 2014). Tax planning can be interpreted as an effort to minimize tax liabilities, both income tax and other taxes, by a taxpayer or group of taxpayers, as long as permitted by the provisions of tax laws and regulations. There are various management tendencies to be motivated to carry out tax planning such as tax policy, the applicable tax payment system, tax law, and tax administration (Zain, 2003). In theory, tax planning is called effective tax planning. Taxpayers strive to achieve tax savings through systematic tax avoidance procedures in accordance with the provisions of tax laws and regulations. Tax avoidance is an action to minimize or eliminate the tax burden by considering the related tax consequences (Zain, 1988). Therefore, tax avoidance and tax planning are acts of tax avoidance that are considered legal according to law. Tax avoidance is not a violation of tax law, because efforts to avoid, minimize or reduce the taxpayer's tax burden are carried out through legal means, while tax planning means minimizing the tax payable through a system that is clearly regulated in the tax law and does not cause conflict between taxable entities and tax authorities.

The theory of planned behavior (TPB) also helps explain the relationship between tax avoidance, because this theory explains behavior driven by individuals that arises because of the intention to behave, so it also helps explain the relationship with tax avoidance. This is related to taxpayer awareness. When taxpayers understand the ethics of tax avoidance, their awareness will increase. A person's attitude in behaving well when implementing tax provisions is determined by that person's intentions. Therefore, if a taxpayer has bad intentions, bad behavior will also arise in implementing the tax provisions. Therefore, the Theory of Planned Behavior is related to tax avoidance (Paparang, 2018). Ultimately, tax avoidance activities increase company value (Desai & Dharmapala, 2006) and managers are motivated to participate in those activities (Bauer et al., 2018). Otherwise, managers may hide some transactions which may lead to increased conflicts of interest and information asymmetry with shareholders regarding tax content (Armstrong et al., 2015). Institutional ownership help alleviate agency problems because its oversight role allows it to monitor management in maximizing long-term value by preventing tax avoidance activities (Tijjani & Peter, 2020).

Ownership structure or institutional ownership refers to the percentage of shares owned by institutions and investors who own a minimum of 5% of the shares. Higher institutional ownership is expected to have better control. Institutional ownership can be used as a motivator to increase the effectiveness of management performance monitoring (Muhadianah & Zulfiati, 2020). Institutional ownership assesses company quality not only based on financial information but also non-financial performance (Alexander & Palupi, 2020). Corporate social responsibility is an example of non-financial information included in financial reports (Larasati & Az'mi, 2023). In this case, CSR is defined as a company that has a moral obligation to be honest, obey the law, maintain integrity and not be corrupt. CSR emphasizes the need for companies to develop business practices that are not only ethical but also economically, socially and environmentally sustainable (Hamdani, 2016).

Tax evasion is an interesting phenomenon that requires further research, because it is a newly emerging phenomenon and the discrepancy with previous research results causes inconsistencies. This research refers to research conducted by (Dakhli, 2022) which surveyed French listed companies in 2007-2018. Therefore, the novelty of this research lies in the selection of research objects, namely companies listed on the Indonesia Stock Exchange, especially manufacturing companies for the 2021-2022 period. There are various factors that cause taxpayers to commit tax avoidance. Previous research shows that tax avoidance is related to CSR disclosure (Safitri & Muid, 2020), capital intensity (Warno et al., 2020), transfer pricing, and foreign ownership (Putri & Mulyani, 2020), sales growth (Rahmi et al., 2020), profitability (Sari & Devi, 2018), *l*everage (Wardani & Purwaningrum, 2018), company size and ownership proportion (Putri & Putra, 2017). This research focuses on institutional ownership in tax avoidance through CSR as a mediator.

Several previous research results show that ownership structure can suppress corporate tax avoidance behavior. Ownership structure is considered as a corporate governance mechanism that carries out effective monitoring of management decisions related to tax avoidance to reduce agency problems and monitor management activities (Gillan & Starks, 2003). For example, Mappadang et al., (2018) investigates the impact of corporate governance mechanisms, as measured by the board of directors and ownership structure on tax avoidance in Indonesia. The research results show that ownership structure has a negative effect on tax avoidance. In line with research Alkurdi & Mardini, (2020) conducted on a sample of Jordanian companies registered in 2012-2017 which showed that tax avoidance was negatively related to ownership structure and although they claimed that this would reduce the use of tax avoidance strategies. However, the opposing view suggests that structural ownership facilitates corporate tax avoidance behavior. Alkurdi & Mardini (2020) found that the presence of institutional investors who have knowledge of tax planning in a company will facilitate the implementation of tax planning and lead to significant use of tax shelters. Likewise the latest findings by Jiang et al., (2021) stated that the increase in share ownership of institutional investors tends to encourage tax avoidance in Chinese companies. The researchers explain their results based on the characteristics of institutional investors who pay more attention to short-term profits of companies, thereby creating certain incentives to increase corporate tax avoidance. Based on the statement above, the hypothesis is formulated as follows:
H_1: Ownership structure influences tax avoidance.

Adityamurti & Ghozali, (2017) explains that agency disputes arise because companies try to keep corporate tax costs as low as possible by engaging in tax avoidance to increase company profits. Even though it is profitable for the company, this cannot be justified from the perspective of shareholders because tax avoidance actually leads to manipulation of financial statements and information asymmetry. This is also risky because tax avoidance is considered unethical and can damage the company's social image. Conflicts like this are unavoidable because business managers pay attention to costs, benefits, and profits when making decisions. CSR is an action that is considered good for society, however, CSR has loopholes to be used as a means of tax avoidance. One of them is through Government Regulation Number 93 of 2010 concerning unexpected costs that can be deducted from gross income, such as costs for national disaster management donations, research and development donations, sports training donations, donations to educational institutions, and social infrastructure development costs. Therefore, if costs arise to reduce gross profit, then taxable income can be reduced. Based on the statement above, the hypothesis is formulated as follows:
H_2: Corporate social responsibility influences tax avoidance.

Based on agency theory, investors tend to pay more attention to a company's strategic decisions than other shareholders (Rohma, 2023). The institutional ownership has a significant percentage of company shares and it is difficult to sell their shares. In addition, institutional investors are believed to have the experience and resources that are deemed to be able to monitor the company's strategic decisions effectively (Zaid et al., 2020). The previous research shows a positive relationship between ownership structure and corporate social responsibility. Choi et al., (2020) found that ownership structure has a positive effect on social and environmental performance. The authors argue that institutional owners can be motivated by

social interests. In line with the statement Elgergeni et al., (2018) Companies with a higher proportion of ownership structure tend to support activities related to corporate social responsibility, because compliance with corporate social responsibility can be an effective risk management tool. Based on the statement above, the hypothesis is formulated as follows:
H_3: Ownership structure is related to corporate social responsibility.

Goerke, (2019) shows that CSR has a negative impact on tax avoidance activities. In fact, CSR performance encourages companies to act in the interests of society on the tax side by addressing tax avoidance to a lower level. As previously mentioned, ownership structure influences corporate social responsibility (Choi et al., 2020) and corporate tax avoidance (Alkurdi & Mardini, 2020). On the other hand, corporate social responsibility has been proven to have a negative impact on corporate tax avoidance activities (Goerke, 2019). Rahman & Leqi, (2021) found that participating in corporate social responsibility activities can curb tax avoidance behavior. The discussion above shows that ownership structure has a positive impact on corporate social responsibility, which in turn has a negative impact on tax avoidance. Based on the statement above, the hypothesis is formulated as follows:
H_4: Corporate social responsibility mediates the relationship between ownership structure and tax avoidance.

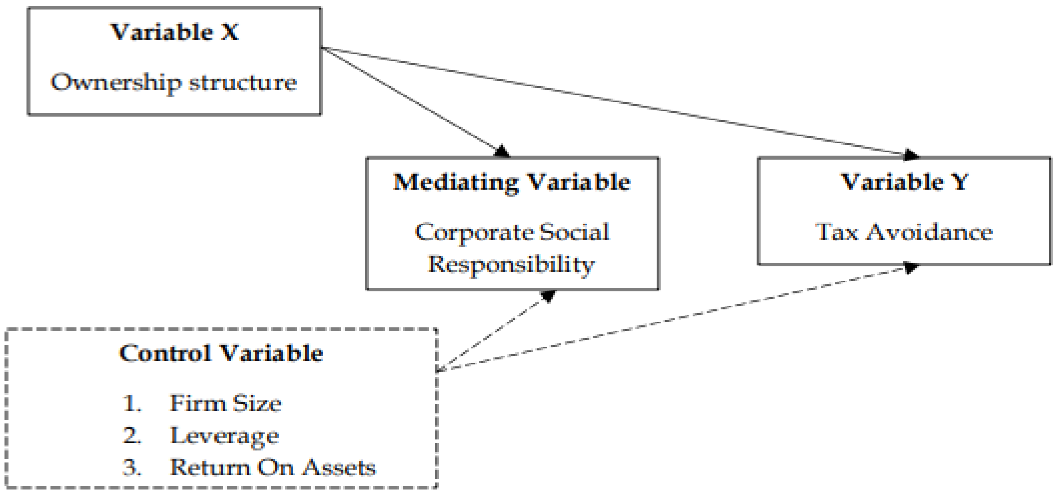

Figure 1. Research Model
Source: Data Processed, 2023

3. RESEARCH METHODS

This research uses quantitative research methods. A quantitative approach is research that focuses on hypothesis testing, the data used must be measurable and provide conclusions that can be generalized. The research data is in the form of numbers which are measured using statistics as a calculation test tool and are linked to the problem being studied to reach a conclusion. The sample used in this research amounted to 249 data. The measured values for each variable are shown in table 1 below:

Table 1. Variable Measurement

Variables	Measurement	Formulation
Ownership Structure	Institutional ownership or ownership structure is the percentage of outstanding shares owned by institutional investors (Zaid et al., 2020).	Shares owned by INST% investors.
Corporate Social Responsibility	Corporate social responsibility or CSR as an indicator of corporate	CSRj = $\frac{Xij}{n}$

	social performance is measured using a four-dimensional index derived from Data Steam Thomson Reuters-ASSET4. If a company makes disclosures it gets a score of 1, if not it gets a score of 0 (Achour & Boukattaya, 2021).	
Tax Evasion	Tax avoidance or ETR refers to the total tax burden divided by pre-tax income.	ETR = $\frac{TE}{EBT}$
Firm Size	Firm Size or company size is measured using the natural logarithm of total assets.	SIZE = $LN\ (TA)$
Leverage	The company's leverage or benefits are assessed as total liabilities divided by total assets.	LEV = $\frac{TL}{TA}$
Return On Assets	ROA or return on assets is calculated by dividing income before tax by total assets.	ROA = $\frac{EBT}{TA}$

Source: Data Processed, 2023

Data analysis techniques use descriptive analysis, classical assumption testing, regression testing, hypothesis testing, and path analysis. The path analysis test is a test tool for measuring the influence of mediating or intervening variables. Path analysis is a continuation of regression analysis. Generally, regression analysis is only used to test the direct influence of an independent variable on the dependent variable, while path analysis tests the direct or indirect influence of an independent variable through a mediating variable on the dependent variable. The results of path analysis are used to compare the greater influence between direct and indirect effects. Therefore, we can see the existence of mediating variables that strengthen or weaken the influence of the independent on the dependent (Ghozali, 2018).

$$TA = \alpha + \beta1INST + \beta2SIZE + \beta3LEV + \beta4ROA + \beta5CSR + e \quad (1)$$

$$TA = \alpha + \beta1INST + \beta2SIZE + \beta3LEV + \beta4ROA + \beta5CSR + \beta6ETR + e \quad (2)$$

4. RESULTS AND DISCUSSION

The research object uses the annual reports of manufacturing companies listed on the Indonesia Stock Exchange (BEI). Sample selection was carried out using the purposive sampling method. Of the total 214 manufacturing companies included in the list for the 2 years period 2021-2022, there are around 138 companies that meet the sampling criteria, and there are 27 data samples that are outliers, resulting in a total data sample of 249.

Table 2. Sample Selection Criteria

Information	**Amount**
Manufacturing companies listed on the IDX in 2021-2022	214
Manufacturing companies that do not disclose 2021-2022 annual reports	74
Companies that do not present information related to tax avoidance variables	1
Companies that do not present information related to CSR variables	1

Number of samples used	138
Observation Period	2
Data used	276
Data outlier	27
Data used in the research sample	249

Source: Data Processed, 2023

Table 3. Descriptive Statistics

Variable	N	Min.	Max.	Mean	Std. Deviation
Ownership Structure	249	0,00	0,97	0,4315	0,25720
CSR	249	0,28	1,61	1,0577	0,14274
Tax Evasion	249	-0,33	0,52	0,1678	0,15009
Leverage	249	0,00	5,14	0,4908	0,51851
ROA	249	-0,96	1,10	0,0621	0,14756
Company Size	249	12,93	32,14	23,4171	5,03819

Source: Data Processed, 2023

The total research sample analyzed was 249 data which could then be described to formulate research results. A summary of descriptive statistics for the regression variables considered in the research model is presented in Table 3. Based on table 3, the value of N or the number of variable data is 249. The closer the ownership structure value is to the number 1, the higher the level of disclosure of share ownership by institutional investors. Based on the minimum and maximum values obtained, the ownership structure in this research sample is 0.00 to 0.97. The standard deviation values for the ownership structure, CSR, tax avoidance and company size variables have values smaller than the mean value, thus indicating homogeneous data. Meanwhile, other variables such as leverage and ROA have standard deviation values that are higher than the mean, indicating that the data is heterogeneous. In addition, this research uses the classic assumption test to provide assurance that the regression equation obtained is accurate in estimation, unbiased and consistent. The classical assumption tests used in this research include the normality test, multicollinearity test, and heteroscedasticity test.

Figure 2 shows that the data or points spread around the diagonal line and follow the direction of the diagonal line. Therefore, it can be said that the data is normally distributed. Based on the assumption of the Central Limit Theorem which states that research with a total of more than 30 sample data (n>30), then the sample distribution will be close to normal (Gujarati, 2006). This research has a total of 249 data (249>30), so the sample data used in this research can be stated to be normally distributed.

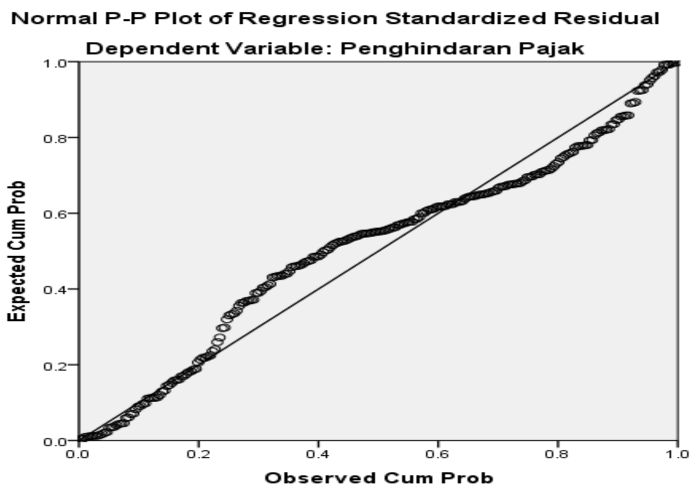

Figure 2. Normality Test Results
Source: Data Processed, 2023

Table 4. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
1(constant)		
Ownership Structure	0,967	1,035
Leverage	0,979	1,022
ROA	0,966	1,035
Company size	0,944	1,060
CSR	0,931	1,074

Source: Data Processed, 2023

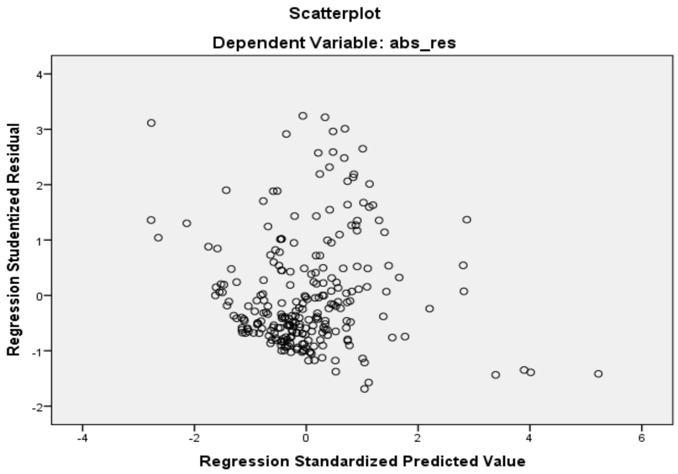

Figure 3. Heteroscedasticity Test Results
Source: Processed data, 2023

Table 5. Results Determinant Coefficient of CSR

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(constant)	1,181	0,045		26,052	0,000
Ownership Structure	0,064	0,032	0,123	1,976	0,049
Leverage	-0,020	0,017	-0,072	-1,155	0,249
ROA	0,063	0,61	0,065	1,040	0,299
Company size	-0,006	0,002	-0,218	-3,520	0,001

Source: Processed data, 2023

Table 6. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig.
1	0,262[a]	0,069	0,053	0,13888	1,805

Source: Processed data, 2023

Table 4 shows that the tolerance value for ownership structure is 0.967, leverage is 0.979, ROA is 0.966, company size is 0.944, and CSR is 0.931, where these values show more than 0.10. Meanwhile, the VIF value for ownership structure is 1.035, leverage is 1.022, ROA is 1.035, company size is 1.060, and CSR is 1.074 where these values are less than 10. Therefore, it can be concluded that in the regression model there is no multicollinearity. Based on Figure 3 from the results of the heteroscedasticity test using the scatterplot graph between ZPRED and SRESID, you can see the bubble ball in the graph spreading above and below 0. Therefore, it can be concluded that the regression model does not have heteroscedasticity.

Table 7. Test Results of the Determinant Coefficient of Tax Avoidance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(constant)	0,082	0,085		0,964	0,336
Ownership structure	0,40	0,031	0,074	1,284	0,200
Leverage	-0,054	0,017	-0,186	-3,255	0,001
ROA	0,410	0,059	0,403	7,000	0,000
Company size	0,000	0,002	0,008	0,131	0,896
CSR	0,061	0,062	0,058	0,982	0,327

Source: Processed data, 2023

Table 8. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig.
1	0,469[a]	0,220	0,204	0,13391	1,952

Source: Processed data, 2023

Table 5 shows the significance value is 0.049, which means it is smaller than 0.05. Therefore, ownership structure is relevant to CSR. This means that H3 is acceptable and consistent with the research conducted (Manogna, 2021). Referring to the regression model results in Table 5, it can be seen that the significance value of the company size variable is 0.001, which is smaller than 0.05. These results indicate that Model I regression on the company size variable has an effect on tax avoidance, while leverage and ROA have no direct effect. The R Square value in Table 6 is 0.069. This shows that the contribution of ownership structure to CSR is 6.9%, while the remaining 93.1% is caused by the contribution of other variables not included in the research. Meanwhile, the value of e1 can be found using the formula e1= ✓ (1-0.069) = 0.9650.

From Table 7, a significance value of 0.200 is obtained, which means it is greater than 0.05, so the ownership structure has no effect on tax avoidance. This means that H1 is rejected and of course contradicts the research conducted (Alkurdi & Mardini, 2020). Referring to the regression results of Model 2 in table 7, it can be seen that the significance value of the leverage and ROA variables is 0.001 and 0.000, less than 0.05. These results show that Model 2 regression on the leverage and ROA variables has an effect on tax avoidance, while company size and CSR have no direct effect. The R-squared value in Table 8 is 0.220. This shows that the contribution of ownership structure to CSR is 22%, and the remaining 78% is caused by the contribution of other variables not included in the research. Meanwhile, the value of e1 can be determined using the formula e2= ✓ (1-0.220) = 0.8831.

The Influence of Ownership Structure on Tax Avoidance

From the above analysis, the significance value of ownership structure is obtained at 0.200 > 0.05. This shows that ownership structure does not have a direct influence on tax avoidance. This is in line with research Mappadang et al., (2018) investigates the impact of corporate governance mechanisms, as measured by the board of directors and ownership structure, on tax avoidance in Indonesia. The research results show that ownership structure has a negative effect on tax avoidance. However, this research is not in line with research Jiang et al., (2021) which shows that increasing share ownership by institutional investors is likely to encourage tax avoidance in Chinese companies. The researchers explained their findings based on the characteristics of institutional investors who pay more attention to the company's short-term profits, thereby creating certain incentives to increase tax avoidance in companies. In accordance with the theory of planned behavior which states that if a taxpayer has bad intentions, bad behavior will also arise, as is the case in carrying out tax provisions.

The Influence of Corporate Social Responsibility on Tax Avoidance

From the above analysis, the CSR significance value is 0.327 > 0.05. It can be concluded that CSR has no direct effect on tax avoidance. This may be caused by the company's main goal in carrying out CSR activities is to gain a good image in society. Companies will not use the costs of CSR activities as an excuse to avoid taxes. The more CSR activities carried out, the higher the company's responsible attitude, which is reflected, among other things, in its obedient attitude in paying taxes (Ratmono & Sagala, 2016). Therefore, companies that focus on CSR activities will be more alert to tax avoidance. This is because tax avoidance violates the values and norms that exist in society so that it can weaken the company's electability (Luke & Zulaikha, 2016). This is consistent with research Mgbame et al., (2017) which states that disclosure of CSR activities has no effect on corporate tax avoidance.

The Influence of Ownership Structure on Corporate Social Responsibility

From the above analysis, the significance value of ownership structure is obtained at 0.049<0.05. It can be concluded that ownership structure has a direct influence on CSR. This is in accordance with research Choi et al., (2020) They found that ownership structure has a positive impact on social and environmental performance. Elgergeni et al., (2018) also stated that companies with a high ownership structure will be more supportive of activities related to corporate social responsibility, because compliance with corporate social responsibility can be an effective risk management tool. According to Mursalim, (2007), Institutional ownership can be used as an effort to reduce agency problems by improving the monitoring process. Institutional shareholders also have the opportunity, resources, and expertise to analyze managers' performance and actions. Institutional ownership is also very interested in improving the company's reputation.

The Mediating Effect of Corporate Social Responsibility on Ownership Structure on Tax Avoidance

It is known that the direct influence of ownership structure on CSR is 0.123. The indirect effect of ownership structure through CSR on tax avoidance is the multiplication of the beta value of ownership structure on CSR with the beta value of CSR on tax avoidance, namely: 0.123x0.058 = 0.007134. The overall impact that ownership structure has on tax avoidance consists of direct influence plus indirect influence, namely: 0.074 + 0.007134 = 0.081134. From the calculation results above, the direct influence value is 0.074 and the indirect influence value is 0.007134, which shows that the direct influence value is greater than the indirect influence value. These results show that ownership structure has a significant direct influence on tax avoidance through CSR, and also show that CSR can mediate the effect of ownership structure on tax avoidance. The results of this research are the same as those mentioned previously, ownership structure influences Corporate Social Responsibility (Choi et al., 2020) and corporate tax avoidance (Alkurdi & Mardini, 2020). On the other hand, Corporate Social Responsibility has been proven to have a negative impact on corporate tax avoidance activities (Goerke, 2019). This is because the higher the level of CSR disclosure of a company, the lower the level of tax avoidance. The main problem in efforts to apply CSR principles to corporate taxes includes efforts to reduce corporate tax liabilities through tax planning and corporate tax avoidance (Richardson et al., 2016). In accordance with agency theory, which is a contract between one or more principals involving the company to perform various services and is given decision-making authority to the company. It's just that financial reports submitted by stakeholders can minimize the information asymmetry that occurs. Therefore, financial reports can be said to be a means of communicating financial information to external stakeholders of a company (Rachmawati, 2008).

5. CONCLUSIONS, LIMITATIONS AND SUGGESTIONS

The research results show that ownership structure has no direct effect on tax avoidance, therefore H1 is rejected. Likewise, CSR has no direct effect on tax avoidance, therefore H2 is rejected. However, ownership structure has a direct effect on CSR, which means H3 is accepted. Furthermore, these results show that ownership structure has a significant influence on tax avoidance through CSR, which means that H4 is accepted. The researcher's limitation is that 74 of the 214 manufacturing companies registered on the BEI for 2021-2022 did not disclose their annual reports for the 2021 and/or 2022 annual period, then there were 2 manufacturing companies registered on the BEI for 2021-2022 that did not provide the information required by the researchers. Suggestions for further research can expand the research period and it is hoped that the analysis can contain more ownership information such as managerial ownership, family ownership, or government ownership.

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