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Corporate Social Responsibility and Tax Avoidance: Does Financial Performance Matters?

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ABSTRACT
This study aims to examine the relationship between corporate social responsibility (CSR) and tax avoidance in Indonesia. The moderating effect of financial performance as measured by Return on Asset (ROA) is also examined in this study. The researcher examined 312 samples of OSIRIS 2022–2024 companies using Eviews. The results of the study show that CSR has a positive impact on tax avoidance and that financial performance does not mitigate this effect. The findings show that the company is doing CSR as a hedging measure. Therefore, this study adds to the evidence that companies do CSR and pay taxes to demonstrate the implementation of risk management.

Keywords:
CSR, Financial Performance, Tax Avoidance.

1. INTRODUCTION

Taxes are one of the most significant sources of state revenue (Machdar, 2022). According to Ministry of Finance (2024) The State of Indonesia gets the source of revenue from the State Budget which comes from tax funds of Rp 2,309.9 T, Non-Tax State Revenue funds of Rp 492 T and grants of Rp 0.4 T. The following is an overview of state revenues from 2020 to 2024 (Figure 1).

Based on the image above, it can be inferred that Indonesia still depends on tax revenues to fund the State Budget. This certainly reflects that fiscal/tax obligations are a crucial part of the economy in Indonesia (Nurtanto & Wulandari, 2024). However, according to Okuyama et al. (2025), global government income losses as a result of tax avoidance tactics show a high figure of around USD 500-650 billion per year and these losses are higher in developing countries.

Companies often see that tax payments can be detrimental to the company. This is because when companies pay high taxes, they will lose the ability to increase innovation, create jobs and develop economic growth (Davis et al., 2016). Therefore, tax avoidance carried out by companies is run rampant especially for the last 20 years. According to Chen et al. (2021) one of the many strategies used by businesses to boost profits is tax avoidance. Even so, tax avoidance does not focus on increasing the company's overall

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profit. Rather, it focuses on efforts to explicitly minimize taxes (Hanlon & Heitzman, 2010). Some governance mechanisms proven to play an important role in hamper tax avoidance practice, such as director's foreign experience (Chen et al., 2021), governance and capital market (Aparicio & Kim, 2023), and state ownership (Hilling et al., 2021).

According to Karavitis et al. (2025) firms that evade taxes will potentially have negative administrative impacts, reputational damage and fines from the tax authorities. In addition, the company can also disappoint stakeholders for the trust that has been given so far. In fact, if the company disappoints the stakeholders, then the company cannot have a sustainable nature. The existence of various cases of corporate ethics violations has increased stakeholder's distrust. Therefore, stakeholders are starting to demand companies to be more responsible and conduct business ethically.

The concept of responsibility is currently known as CSR. According to Okuyama et al. (2025) CSR is a voluntary initiative of a company to contribute to society. More simply, CSR is a sustainable concept that a company is implementing to show that they have taken responsibility for their operational activities both economically, socially and environmentally.

Recent studies have started to connect CSR's impact with tax avoidance. Although CSR and tax avoidance are not explicitly included in corporate governance, they are both shaped by the strategic decisions of the company's management (Zattoni et al., 2023). Consequently, corporate governance will be reflected in the strategic approach. According to Jiang et al. (2022) there are two opposing viewpoints in the research about the connection between CSR and tax avoidance.

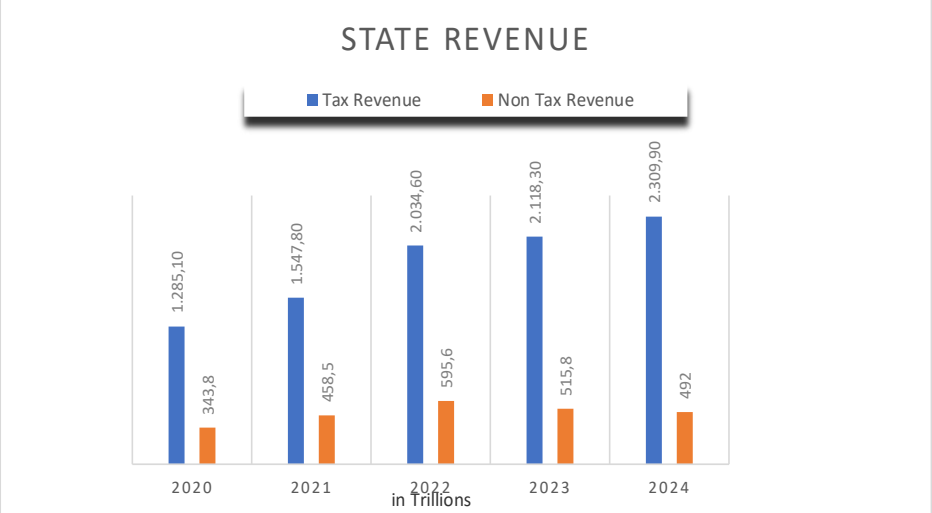


Figure 1. Comparison of State Revenue in the Tax and Non-Tax Sectors

Source: Ministry of Finance, 2024

According to Sikka (2010) tax payments are a company's basic social duty and can be used to advance social welfare. If the company does tax avoidance, the company will be considered to have socially responsible behavior. Therefore, companies that carry out CSR performance well will definitely carry out their actual tax payment obligations because they realize that CSR and taxes are the company's obligations. Research conducted by Lanis & Richardson (2015) which discovered a negative correlation between CSR and tax avoidance, lends credence to this. This may indicate that the company's CSR efforts are motivated by stakeholder expectations and ethical responsibility.

However, in contrast Alsaadi (2020) identified a positive relationship between CSR and tax avoidance. This reflects companies that claim to be responsible are not fully ethically responsible. Companies will utilize CSR as an activity that can hide opportunistic management behavior that leads to high tax avoidance rates (Krieg & Li, 2021). According to Jiang et al. (2022) management may hide unethical behavior by displaying a positive image of the company. According to Susanto & Veronica (2022) companies will use tax regulation loopholes as a means of tax avoidance. This aligns with the company's approach to risk management theory. According to Godfrey (2005) companies can do CSR as a philanthropic activity that becomes insurance when negative news appears. This implies that CSR will offer further defense against stakeholder's evaluations of corporate tax avoidance.

Giannarou & Tzeremes (2025) claim that there are two view points regarding how CSR affects tax avoidance. These perspectives are "complementary" and "substitution". Both have different meanings. Complementarity shows that managers and stakeholders view tax payments as complementary activities to CSR. This would be implied in the negative relationship between CSR and tax avoidance (Jemiolo & Farnsel, 2023). Socially responsible companies are less likely to face significant disputes or conflicts regarding their tax responsibilities (Abdelfattah & Aboud, 2020). Instead, the "substitution" perspective states that stakeholders perceive tax payments as something that reduces the company's capabilities. This fact will be more pronounced for companies that enjoy high financial performance, as the more they have, the more they don't want to lose it.

The presence of conflicting viewpoints and inconclusive research outcomes motivates this investigation into Indonesian corporate ethical frameworks governing CSR adoption and execution. Do companies in Indonesia carry out CSR as a form of true responsibility or are they only used as an insurance method? Risk management theory posits that CSR is some form of protection mechanism for a firm in case of adverse events such as financial shock or negative controversies (Brighi et al., 2025), so we believed that in the context of emerging markets, CSR is more of a substitution than a complementary. This paper examines a study by Gulzar et al. (2018) that looks into how CSR affects

tax avoidance in China. However, this study tries to expand the study of Gulzar et al. (2018) by adding a moderation variable in the form of financial performance. According to Wiratmoko (2018) tax avoidance practices can be influenced by a company's financial performance. There are various types of ratios that can be used to assess a company's financial performance, one of which is ROA (Malik et al., 2025).

The researcher used ROA as a proxy for moderating variable because financial factors are often ignored when analyzing the connection between CSR and tax avoidance. In fact, businesses require a significant financial outlay to engage in CSR (Ariff et al., 2024). Additionally, because they believe taxes can lower their earnings, businesses who engage in tax avoidance will work to minimize their tax payments (Simamora & Sari, 2021). This should mirror the company's diminishing earnings as well. Since the results remain inconsistent when financial factors are included in the research, this relationship will be highly intriguing to examine. According to Karlinah et al. (2024) ROA is a measure used to evaluate how well a company makes use of all of its resources. ROA will be used to characterize management's capacity for profitability; the higher the ROA, the more profitable the company will be.

Because it can give an overall understanding of how all assets are used to create profits, ROA is used as a stand-in for financial performance. Therefore, ROA can reflect financial performance well. Chen et al. (2010) claim that profitable businesses can set themselves up for tax avoidance. This is because companies do not expect to lose the profitability, they already have to pay taxes. Nevertheless in order to prevent mistrust from shareholders and tax authorities, businesses might be reluctant to restrict tax payments excessively (Armstrong et al., 2019). In the end, research is still needed to determine whether profitability can affect CSR and tax avoidance. Adding a financial performance component to the impact of CSR on tax avoidance will therefore be highly insightful.

The results of the study show that tax avoidance has a positive impact on CSR. In addition, financial performance as measured by ROA is unable to provide a moderation effect on the influence of CSR on tax avoidance. Theoretically, the results of this study confirm the existence of risk management implemented by the company. This evidence supports the substitution view in developing countries, particularly Indonesia, that CSR is used by companies because of their hedging capabilities. Therefore, CSR is a trade-off for tax payments. Practically, these findings could help investors and policymakers to shape their view regarding CSR practice in Indonesian firms. Investors need to be more vigilant to reassess the sustainability of the firm by looking into the CSR motive of Indonesian firms. It is imperative, as this information will be helpful to determine whether CSR is a form of hedging mechanism or based on altruistic intention. Government must reform the regulations regarding CSR to be more complementary than substitution in nature.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Risk Management Theory

Risk management theory was first proposed by Daniel Bernoulli in 1738 (Stearns, 2000). In general, this theory explains that decision-making must consider maximum opportunities. Risk management theory encompasses how CSR becomes a defense mechanism from negative news (Godfrey, 2005; Srairi & Kateb, 2025) and a strategic move to mask unethical behavior and to improve overall performance (Forson et al., 2025; Mesa-Pérez et al., 2025; Mousa et al., 2025). This theory elucidates how CSR becomes an insurance policy and tool to preserve a positive company image (Brighi et al., 2025; Habib, 2025) for their tax avoidance. However, tax avoidance can have various negative impacts. According to Karavitis et al. (2025), companies that evade taxes can result in reputational damage and potential fines by tax authorities. This theory helps to explain how the strategy, such as CSR, is integrated into the firm to accommodate the value enhancement and to improve firm outcomes (Warren et al., 2025). Warren et al. (2005) also adds how risk management could lessen the negative consequences that the firm will face in the future.

CSR and Tax Avoidance

According to Malik et al. (2025) corporate taxes are a significant financial burden that can reduce income. Davis et al. (2016) argues that when companies make tax payments, they will lose the ability to prosper themselves. This is because the company does not have a lot of funds to conduct research and product development, work efficiency and effectiveness, and efforts to provide optimal salaries to employees. In addition, companies lose the ability to create jobs due to limited funds. As a result, businesses will work to reduce their tax obligations in order to thrive on their own.

As one of the efforts to maintain sustainability, the company will carry out CSR activities. According to Godfrey (2005) CSR can be a philanthropic activity as well as an insurance method for negative company news. This means that companies can use CSR as protection against unethical actions such as tax avoidance. Kovermann & Velte (2021) have also stated that CSR is a technique for managing a company's self-image in the absence of substantial sustainable management objectives. Therefore, in this view CSR is only implemented to hide the opportunistic behavior of management (Velte, 2020).

This is in accordance with risk management theory that accounts for the relationship between both internal and external stakeholders (Warren et al., 2025) to formulate the best course of action for maintaining firm standing in the midst of uncertainty. According to D'Agoôt (2020) risk management is a method used to minimize the possibility and impact of a bad event that may occur in the future. Ajupov et al. (2019) highlights that risk management theory is based on three ideas: utility, regression, and diversification. The purpose is to be able to maximize the opportunity for profitable events in a company's life cycle.

There are various studies that show that CSR is only insurance tool, impression of management and mechanism to hide opportunistic management behavior. These studies include research conducted by Almutairi & Abdelazim (2025), Velte (2025) and Jiang et al. (2022). According Almutairi & Abdelazim (2025) businesses that engage in tax avoidance try to hide their illicit activities to project a favorable public and media image of themselves as socially conscious organizations. As a result, the researchers postulate the following:

H1: CSR Has a Positive Effect on Tax Avoidance

Financial Performance as a Moderator: CSR and Tax Avoidance

Superior financial performance is typically associated with companies that prioritize good CSR performance (Maquieira et al., 2024). This is because, with high profitability, the company can certainly carry out high CSR performance. This is in line with Postiglione et al. (2025) which reveals that high CSR can be caused by the company's economic factors such as profitability. Profitability is one of the components in financial performance. As reported by Coelho et al. (2023), there is a positive relationship between CSR execution and financial performance as reflected by accounting ratios. The company's profitability can be measured by ROA (Velte, 2020). ROA is a ratio that describes a company's ability to earn profits through the efficient use of its assets (Wiratmoko, 2018).

Stakeholders especially shareholders have shown interest in the topic of tax avoidance as it is considered a strategy to divert revenue from the government to the company (Shaukat Malik et al., 2025). There is a belief that by doing tax avoidance, companies can reduce costs and be able to increase profits after tax. Surprisingly little research has been done on the connection between financial performance and corporate tax avoidance, especially in developing nations (Malik et al., 2025). According to Chouaibi et al. (2022), tax avoidance really necessitates a sophisticated framework that enables management to control financial performance. Consequently, financial information will be crucial in corporate tax avoidance (Xu et al., 2022). ROA as a company's financial strength is believed to be able to influence tax avoidance carried out by the company (Haque et al., 2023). Financial performance proxied with ROA has been used as a moderation variable in research conducted by Karlinah et al. (2024). Karlinah et al. (2024) discovered that ROA could boost the impact of company governance on tax avoidance. Consequently, the researcher's hypothesis is as follows:

H2: Financial Performance Strengthens the Positive Influence of CSR on Tax Avoidance

Table 1. Sample Selection Procedure

Criterion	Number of Samples
OSIRIS non-financial companies that carry out CSR disclosures in accordance with the provisions of GRI for the 2022 – 2024 period	154
Companies that suffer losses and have an ETR value outside the range of 0-1	(50)
Final Samples	104
Total Observation (3 years)	312

Source: Data Processed, 2025

3. RESEARCH METHOD

The non-financial companies in Indonesia that are registered in OSIRIS for the years 2022–2024 make up the population used in this investigation. The researcher employed purposive sampling to create the research sample and excluded businesses involved in the financial industry, businesses that do not practice CSR in compliance with GRI guidelines, businesses that experience losses, and businesses having ETR values outside of the 0-1 range. Additionally, the researchers use OSIRIS to obtain financial information about the sample companies. The researcher then looks at the sustainability and annual reports to determine each company's CSR performance. Purposive sampling results indicated that there were 312 samples in the research sample.

The researcher conducted an analysis with tools in the form of Eviews. The following is the analysis of the model used in this study:

Model 1: $TA = \alpha 1 + \beta 1CSR + \beta 2Firm\ Size + \beta 3Lev + e$
Model 2: $TA = \alpha 2 + \beta 4CSR + \beta 5ROA + \beta 6Firm\ Size + \beta 7Lev + \varepsilon$
Model 3: $TA = \alpha 3 + \beta 8CSR + \beta 9ROA + \beta 10CSR*ROA + \beta 11Firm\ Size + \beta 12Lev + e$

Information:
TA (Tax Avoidance) : Tax expense divided with earning before tax
CSR : GRI Disclosure
Firm Size : Ln of total assets
Lev : Total debt divided with total assets
ROA (Return on Asset): Net income divided with total assets
CSR*ROA : Moderation variable

Before incorporating the moderating effect of ROA, researchers utilized Model 1 to assess the impact of CSR on tax avoidance. Model 2 was used by researchers to determine the influence of ROA when acting as an independent variable. Meanwhile, the impact of moderating from ROA on the effect of CSR on tax avoidance is ascertained using Model 3. This study uses ETR as a proxy for dependent variable. According to Alsaadi (2020)this study uses regression analysis to test the impact of financial-tax reporting conformity jurisdictions on the association between CSR and aggressive tax avoidance. Findings: The empirical results show

that there is a positive association between CSR and tax avoidance, and firms headquartered in low financial-tax reporting conformity jurisdictions are more likely to engage in CSR to hedge against the potential negative consequences of aggressive tax-avoidance practices as compared to firms domiciled in countries with high level of financial-tax reporting conformity. Practical implications: This study confirms Sikka's (2010, 2013 ETR is very suitable to be used to measure tax avoidance because it will reflect the amount of tax that must be paid by the company from commercial profits obtained during a period so that it will avoid bias. CSR is the study's independent variable. In addition, the researcher uses a moderation variable in the form of financial performance, namely ROA. The researcher also added control variables in the form of firm size and leverage. The following are the measurements of the variables used by the researchers (Table 2).

4. RESULTS AND DISCUSSION

Descriptive Statistic

The purposive sampling results showed that the final sample was 312 samples. The researchers conducted a statistical descriptive test to determine the value of standard deviation, maximum, minimum and mean. The outcomes of the descriptive analysis are as follows (Table 3).

Table 2. Variable Measurements

Variable	Information	Measurement	Source
Tax Avoidance	Dependent	ETR = Tax Expense : Earning Before Tax	Shaukat Malik et al. (2025); Lucut Capras et al. (2024)
CSR	Independent	GRI Disclosure	Harymawan et al. (2021)
ROA	Moderation	Net Income : Total Assets	Karlinah et al. (2024)
Firm Size	Control	Ln of Total Assets	Tessema et al. (2024)
Lev	Control	Total Debt : Total Assets	Islam et al. (2023)

Source: Data Processed, 2025

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ETR	312	0.17	0.27	0.22	0.01
CSR	312	0.39	0.98	0.61	0.16
ROA	312	0.01	0.60	0.10	0.09
CSR*ROA	312	0.004	0.61	0.07	0.06
Firm Size	312	17.15	26.86	21.90	1,79
Leverage	312	0.06	0.98	0.36	0.18

Source: Researcher Data Processing (2025)

According to the previous descriptive data, the ETR variable's minimum value is 0.17, and its maximum value is 0.27. According to Frank et al. (2009), ETR has the best implications for tax avoidance, which means when a company has a low ETR, it reflects increasingly high tax avoidance practices. With a mean value of 0.22 and a standard deviation of 0.01, it means that tax avoidance in this study is low in variability, but the low value indicates the existence of tax avoidance behavior. The minimum and maximum values of the CSR variable are 0.39 and 0.98, respectively, with a mean and standard deviation of 0.61 and 0.16, respectively. This demonstrates that certain businesses are nearly completely adhering to GRI requirements for economic, social, and environmental performance, but more than half have good CSR disclosure. The ROA variable indicates that the company's financial performance related to assets shows a minimum value of 0.01 and a maximum value of 0.60. The moderation variable in the form of CSR*ROA shows a minimum value of 0.004, while the maximum value shows a value of 0.61. Meanwhile, the control variable in the form of firm size shows a minimum value of 17.15 with a maximum value of 26.86, and the leverage variable exhibits a minimum value of 0.06 and a maximum of 0.98. These two control variable values suggest high scalability and a low debt level, exhibiting adequate financial performance.

The results of the panel data test in the Chow test showed that Model 1, Model 2 and Model 3 had values of 0.579, 0.512 and 0.483. These results show that the probability value is greater than 0.05 so that the common effect model is more suitable in this study than the fixed effect model. The results of the Hausman test also showed a probability value above 0.05 which showed that the random effect model was more suitable for use than the fixed effect model for the three models. Furthermore, the Lagrange Multiplier Test shows a probability greater than 0.05, therefore the common effect model is more suitable for use than the random effect model. The researcher also conducted a Classical Assumption Test with the following results (Table 5-Table 8).

Table 4. Chow, Hausman and Lagrange Multiplier Test

	Chow Test	Hausman Test	Lagrange Multiplier Test
Model 1	0.579	0.22	0.37
Model 2	0.512	0.26	0.35
Model 3	0.483	0.21	0.34

Source: Data Processed, 2025

Table 5. Normality Test

	Prob.	Result
Model 1	0.217	Normal
Model 2	0.450	Normal
Model 3	0.459	Normal

Source: Data Processed, 2025

Table 6. Multicollinearity Test

	Variable	VIF	Result
Model 1	CSR	1.050	No multicollinearity
	Firm Size	1.071	No multicollinearity
	Leverage	1.022	No multicollinearity
Model 2	CSR	1.133	No multicollinearity
	ROA	1.104	No multicollinearity
	Firm Size	1.073	No multicollinearity
	Leverage	1.038	No multicollinearity
Model 3	CSR	2.348	No multicollinearity
	ROA	6.350	No multicollinearity
	CSR*ROA	9.855	No multicollinearity
	Firm Size	1.074	No multicollinearity
	Leverage	1.047	No multicollinearity

Source: Data Processed, 2025

Table 7. Heteroscedasticity Test

	Prob.	Result
Model 1	0.509	Normal
Model 2	0.289	Normal
Model 3	0.294	Normal

Source: Data Processed, 2025

Table 8. Autocorrelation Test

	Prob.	Result
Model 1	0.768	Normal
Model 2	0.780	Normal
Model 3	0.790	Normal

Source: Data Processed, 2025

The normality, multicollinearity, heteroscedasticity, and autocorrelation tests are among the common presumptions tests that the researcher performed. All normality tests on Models 1, 2, and 3 have p-values greater than 0.05, according to the analysis's findings. Thus, the data is considered to be normally distributed. Every variable in the multicollinearity test has a VIF value of less than 10. As a result, multicollinearity in the data is known to be nonexistent. When the p-value in the heteroscedasticity test is greater than 0.05, it can be concluded that heteroscedasticity is not existent. Additionally, the autocorrelation test indicates that there is no autocorrelation because the probability is greater than 0.05. Furthermore, the researcher conducted a hypothesis test on the research sample and was known to have the following results (Table 9).

Table 9. Hypothesis Test

	Model 1	Model 2	Model 3
C	0.25 (23.68)	0.25 (23.86)	0.25* (21.87)
CSR	0.02* (4.30)	0.02* (4.90)	0.02* (3.04)
ROA		-0.02* (-2.69)	-0.04 (-1.17)
CSR*ROA			0.02 (0.49)
Firm Size	-0.00* (-5.08)	-0.00* (-5.02)	-0.00* (-5.03)
Leverage	0.03* (7.26)	0.03* (6.93)	0.03* (6.84)
R^2	0.16	0.18	0.18

Source: Data Processed, 2025

Based on the results of the hypothesis test above, it is known that in the Model 1 CSR variable has a significant positive influence (0.02*) on tax avoidance. This shows that CSR is used by companies as a means of tax avoidance. Based on this, hypothesis 1 is supported. As for the second model, when the researchers included the financial performance element, namely ROA, into the research model as an independent variable, it was known that ROA had a significant negative influence on tax avoidance (-0.02*) while CSR still had a significant positive influence on tax avoidance. Furthermore, in the Model 3, researchers included a moderation variable in the form of CSR*ROA in the research. The test results showed that financial performance proxied with ROA failed to show its moderating effect in the research model. Therefore, hypothesis 2 of the study was not supported.

DISCUSSION

CSR And Tax Avoidance

The results of the study show that CSR has a positive influence on tax avoidance. This is in line with the research hypothesis provided by the researchers so that the first hypothesis of the research can be accepted. The results of this study are in line with Giannarou & Tzeremes (2025) who found a positive influence between CSR on tax avoidance. In addition, the results of this study are also in line with Karavitis et al (2025) who also found a positive influence between CSR on tax avoidance.

Given that there are various results on the influence between CSR activities and tax avoidance (Benlemlih et al., 2023), these findings reinforce the implications of risk management theory on CSR activities. The company will utilize philanthropic activities in the form of CSR as a strategic policy of the company (Warren et al., 2025). Companies that carry out CSR activities will get a good reputation from stakeholders. Such reputations can mimic ethical company in mitigating the risk of severe sanctions or negative

public perceptions before engaging in tax avoidance activities (Sim et al., 2024). CSR indeed abides the substitution view.

According to Saragih et al. (2023) in Indonesia, costs incurred from CSR activities can act as deductible costs. Therefore, companies take advantage of these loopholes as a tax avoidance strategy. However, the fact is that tax avoidance is a risky activity because it imposes enormous costs on companies such as adverse political, regulatory and social penalties, which can damage the company's reputation (Abid & Dammak, 2022)this paper uses panel data regressions. The authors apply generalized least square panel regression to overcome autocorrelation and heteroscedasticity problems. For further robustness, this paper runs instrumental variable regressions using the three-stage instrument variable method (three-stage least square. Therefore, companies will engage in CSR to hedge against the consequences of tax avoidance activities.

Companies that are aggressive in taxes will use CSR to avoid oversight from outside parties to legitimize the company's survival and reduce the negative effects of aggressive tax avoidance (Srairi & Kateb, 2025). Tax-evading companies can engage in CSR to create the impression of their adherence to social norms and to mitigate the negative consequences of tax avoidance practices (Brighi et al., 2025; Habib, 2025).

The Effect of Financial Performance Moderation on the Influence of CSR on Tax Avoidance

The results of the regression analysis showed an insignificant effect on the moderation of financial performance proxied with ROA. This indicates that second hypothesis of this study was rejected. These results are not in line with research conducted by Karlinah et al. (2024). However, this research is in line with Rafika et al. (2022) who found that the financial performance of ROA could not moderate the influence of CSR on tax avoidance. This can be due to the fact that companies with high returns on assets are less likely to participate in corporate tax avoidance and they will do proper planning for optimal tax collection (Hidayat & Zuhroh, 2023).

ROA is not able to moderate the influence of CSR on tax avoidance. This can be because sample companies use CSR purely because of a form of responsibility, so they will not use ROA as a consideration in tax avoidance. This makes a lot of sense because ethical companies will have a commitment to running their business ethically. They will not do tax avoidance even with good financial performance. Therefore, ROA is not able to have a significant value on the influence of CSR on tax avoidance.

According to Santo et al. (2025) the results of his research show that ROA is not used as a basis for companies to do tax avoidance. ROA tends to be used as legal tax planning for companies. This is considered safer for the company's sustainability considering the characteristics of Indonesian society that uphold the ethical value of tax avoidance can cause companies to lose consumer trust and loyalty. Customer trust is a social capital and an important

indicator to reduce information asymmetry, financial development, investment decisions (Jin et al., 2022), transaction construction and the quality of financial statements (Garrett et al., 2014)the actual number of HF hospitalizations remains >1 million annually. More than 80% of patients who are hospitalized are initially seen in the emergency department (ED.

5. CONCLUSIONS AND SUGGESTIONS

This study aims to find out whether companies in Indonesia carry out CSR as a form of actual responsibility or are only used as an insurance method. The novelty carried out in this study is to add a moderation variable in the form of financial performance, namely ROA. The results of the study show that companies in Indonesia carry out CSR as a hedging mechanism. This confirms the existence of risk management carried out by the company to cover up unethical actions. However, researchers found no evidence of the influence of financial performance in moderating the influence of CSR on tax avoidance. This can happen because the company does not use financial performance as a reason for the company to evade taxes so that the company's ability to generate profits will not affect tax avoidance.

This research offers a theoretical and practical contribution where the application of CSR for tax avoidance is supported by risk management theory. The company uses the positive impact of CSR implementation in the form of public image, assessment and expectations to protect itself from suspicion of the implementation of unethical actions, namely tax avoidance. Companies that carry out high CSR performance do not determine they have an ethical culture. Therefore, investors should be careful to determine their investments. Regulators also need to take proactive steps to ensure that no business exploits tax legal loopholes to avoid paying taxes.

This study has limitations, namely the incompleteness of the data needed by the researchers such as in the CSR variable. Although CSR is currently a mandatory activity, there are still many companies that do not implement CSR in accordance with GRI standards. This led to a reduction in the research sample. Further research can use regional classifications based on industrial location. It will be interesting to examine the ethics of companies in regions with high and low levels of trust in the use of CSR. In addition, research using the financial sector can also further expand the research results.

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