DeterminantsofTaxAggressivity

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Determinants of Tax Aggressivity in Food and Beverage Sub-Sector Companies on The Indonesian Stock Exchange

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ABSTRACT

Tax is an obligation that must be fulfilled by companies to the state. In fulfilling their tax obligations, companies often engage in tax aggressiveness to minimize the tax burden they must pay. This study aims to examine and analyze the influence of factors such as profitability, leverage, company size, and corporate social responsibility on tax aggressiveness in the food and beverage sub-sector companies listed on the Indonesia Stock Exchange during the period from 2019 to 2021. This research uses a quantitative approach with data collection through documentation, where the researcher analyzes the financial statements of the companies listed as samples. The data analysis method used is panel data regression to test the proposed hypotheses. The sampling technique employed is non-probability sampling with a purposive sampling approach, selecting 16 companies as the sample, resulting in 48 observations. The results show that profitability has a negative and significant effect on tax aggressiveness. Leverage and company size do not have a significant effect on tax aggressiveness, while corporate social responsibility has a significant negative effect on tax aggressiveness. This study provides valuable insights for companies and regulators regarding the factors that may influence tax behavior in the food and beverage industry.

Keywords: *Tax Aggressiveness, Profitability, Leverage, Company Size, Corporate Social Responsibility.*

ABSTRAK

Pajak merupakan kewajiban yang harus dilaksanakan oleh perusahaan terhadap negara. Dalam menjalankan kewajiban perpajakan, perusahaan sering kali terlibat dalam agresivitas pajak untuk meminimalkan beban pajak yang harus dibayar. Penelitian ini bertujuan untuk mengkaji dan menganalisis pengaruh faktor-faktor seperti profitabilitas, leverage, ukuran perusahaan, dan tanggung jawab sosial perusahaan terhadap agresivitas pajak pada perusahaan subsektor makanan dan minuman yang terdaftar di Bursa Efek Indonesia selama periode 2019 hingga 2021. Penelitian ini menggunakan pendekatan kuantitatif dengan metode pengumpulan data dokumentasi, di mana peneliti menganalisis laporan keuangan perusahaan yang terdaftar sebagai sampel. Metode analisis data yang digunakan adalah regresi data panel untuk menguji hipotesis yang telah diajukan. Teknik pengambilan sampel menggunakan non-probability sampling dengan pendekatan purposive sampling, memilih 16 perusahaan sebagai sampel yang menghasilkan 48 observasi. Hasil penelitian menunjukkan bahwa profitabilitas memiliki pengaruh negatif dan signifikan terhadap agresivitas pajak. Leverage dan ukuran perusahaan tidak berpengaruh signifikan terhadap agresivitas pajak, sementara tanggung jawab sosial perusahaan memiliki pengaruh negatif yang signifikan terhadap agresivitas pajak. Penelitian ini memberikan wawasan penting bagi perusahaan dan regulator mengenai faktor-faktor yang dapat mempengaruhi perilaku pajak dalam industri makanan dan minuman.

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***Kata kunci**: Agresivitas Pajak, Profitabilitas, Leverage, Ukuran Perusahaan, Tanggung Jawab Sosial Perusahaan.*

INTRODUCTION

The Indonesian economy is supported by various industries that contribute to tax revenues. One of the industries that contributes to taxation is the food and beverage industry. Food and beverage companies in Indonesia experienced growth from 2020 to 2021 by 2.54% to 775.1 trillion rupiah. The Central Statistics Agency (BPS) reported that the Gross Domestic Product (GDP) of national food and beverage companies based on applicable tariffs (ADHB) was 1.12 quadrillion rupiah in 2021. This value accounts for 38.05% of non-oil and gas management companies or 6.61% of the national GDP which reached 16.97 quadrillion rupiah (Havidah et al., 2024). The food and beverage industry is an industry that can survive during the COVID-19 pandemic because people still have to consume healthy and nutritious food to maintain their immunity. Furthermore, the government is paying full attention to growth in the food and beverage sector. Steps taken by the government, for example, through the Ministry of Industry of the Republic of Indonesia, which pays attention to the growth of coconut-based palm sugar commodities because of Indonesia's potential as the largest coconut producer in the world. The Ministry of Industry also encourages the growth of sugarcane-based sugar companies, especially in eastern Indonesia, such as West Nusa Tenggara and East Nusa Tenggara. The government also continues to take an active role in facilitating the promotion of food and beverage company commodities through exhibition events at home and abroad. One of them was held at the Company Exhibition Plaza with around 60 food and beverage industry companies participating. The 2022 Indonesian G20 Presidency event is also a moment to introduce national company commodities, including food and beverage (mamin) commodities which are expected to expand the export market (Havidah et al., 2024).

Tax aggressiveness that occurs in the food and beverage industry in Indonesia can be seen through an example of tax avoidance practices carried out by PT Indofood Sukses Makmur Tbk (INDF) in the form of a request for a Certificate of Exemption (SKB) for the transfer of land and/or building rights to the Directorate General of Taxes (DGT) amounting to 1.3 billion rupiah in 2010. This case began when PT Indofood Sukses Makmur Tbk established a new industry and transferred capital, liabilities, and instant noodle manufacturing operations to PT Indofood CBP Sukses Makmur Tbk. In the end, the DGT decided that PT Indofood Sukses Makmur Tbk still had to pay its taxes of 1.3 billion rupiah and finally had a permanent legal decision (in kracht) at the Supreme Court. Another example occurred at PT. Coca-Cola Indonesia (CCI) where CCI increased its advertising expenses, thereby reducing taxable income. The DGT found that there was an unreasonableness in CCI's advertising expenses that led to tax avoidance in 2002-2006. Based on the DGT's calculation, CCI's taxable income should be 603.48 billion rupiah. Meanwhile, in CCI's financial records, its taxable income is 492.59 billion rupiah. So, there is an underpayment of tax of 49.24 billion rupiah.

Tax aggressiveness, commonly measured using the Effective Tax Rate (ETR), reflects the extent to which a company seeks to minimize its tax obligations. ETR is calculated by dividing current tax expense by profit before tax. A lower ETR typically signals a higher level of tax aggressiveness. Several factors are believed to influence tax aggressiveness, such as profitability, leverage, company size, and corporate social responsibility (CSR) disclosure (Kasmir, 2017; Shantikawati, 2020; Basyaib, 2007; Tristiawan & Yusuf, 2022). Profitability, often measured by Return on Assets (ROA), indicates a company's ability to generate income from its assets. In theory, more profitable companies should face higher tax liabilities, potentially prompting them to engage in more aggressive tax strategies. However, existing research presents mixed results. For example, Abidin (2018) found a negative relationship between profitability and tax aggressiveness

in the consumer goods sector, while Reminda (2017) reported a positive effect in the banking industry. Similarly, studies on CSR disclosure also show inconsistent findings. Nurlis et al. (2021) found that CSR disclosure negatively affects tax aggressiveness, suggesting that socially responsible companies are more compliant with tax regulations. In contrast, Fionasari et al. (2017) found no significant effect. These inconsistencies indicate a lack of consensus in the literature and highlight the need for further investigation. Particularly, limited studies focus on the food and beverage industry, a sector that plays a vital role in Indonesia's economy and showed resilience during the COVID-19 pandemic.

Therefore, this study seeks to fill the research gap by examining the effects of profitability, leverage, company size, and CSR disclosure on tax aggressiveness in food and beverage companies listed on the Indonesia Stock Exchange during the 2019–2021 period. Based on the background and formulation of the problem above, this study aims to analyze the influence of several internal company factors on tax aggressiveness in the food and beverage industry in Indonesia. Specifically, the study seeks to examine the effect of profitability, leverage, company size, and corporate social responsibility (CSR) disclosure on tax aggressiveness, as measured by the effective tax rate (ETR).

LITERATURE REVIEW

Profitability negatively affects tax aggressiveness, as indicated by a regression coefficient of -0.0752991. This supports the idea that more profitable companies are less likely to engage in aggressive tax behavior. According to signaling theory, high profitability sends positive signals to investors and stakeholders, encouraging firms to comply with tax regulations to maintain reputation and trust. Abidin (2018) and Rahmayani et al. (2023) confirm that firms with higher profits are more transparent and compliant in paying taxes to uphold a strong corporate image, thereby reducing tax aggressiveness. Companies with higher profitability are typically more compliant with tax obligations, as they seek to maintain a positive reputation among investors and stakeholders. According to signaling theory, firms with strong earnings send positive signals to the market, reflecting their financial health and ethical standing (Rahmayani et al., 2023; Manurung & Lumbantoruan, 2021). Engaging in aggressive tax practices could undermine that image and attract regulatory scrutiny. Therefore, profitable firms are more likely to avoid tax aggressiveness to preserve long-term trust and legitimacy. Thus, based on this description, the following hypothesis is proposed:

H1: Profitability has a negative effect on tax aggressiveness.

Leverage demonstrates a negative but statistically insignificant relationship with tax aggressiveness, suggesting that the use of debt financing does not significantly influence a firm's tax behavior. Although debt interest is tax-deductible, companies in the food and beverage sector maintain low debt-to-equity ratios, indicating sound capital structures (Ilham et al., 2021). As supported by Masyitah et al. (2022) and Rahmayani et al. (2023), low reliance on debt limits opportunities for aggressive tax strategies. Therefore, leverage may reduce taxable income in theory but may not significantly impact tax avoidance in industries with low debt levels. High levels of debt can offer tax-saving advantages through interest expense deductions. However, excessive leverage may also lead to financial risk and scrutiny from both creditors and tax authorities. Firms with sound capital structures may prioritize long-term stability over short-term tax benefits. According to Basyaib (2007), financial risk management discourages overly aggressive tax strategies. Additionally, highly leveraged firms face pressure to meet debt obligations, making them more conservative in their tax practices. Therefore, this study proposes the hypothesis:

H2: Leverage has a negative effect on tax aggressiveness.

Company size shows a negative but insignificant effect on tax aggressiveness. Larger firms tend to have more exposure and scrutiny, which discourages aggressive tax behavior. However, both large and small firms may still seek ways to minimize tax obligations (Primasari, 2019). While large firms have higher liabilities and public accountability, smaller firms may aggressively avoid taxes to retain more profit. The inconsistent influence of firm size is supported by Rahmayani et al. (2023), who argue that size alone does not determine tax compliance due to varying strategic motivations across firms regardless of their scale. This showed that larger firms are generally more visible and subject to greater public and regulatory scrutiny. As such, they are more likely to adopt transparent and compliant tax practices to avoid reputational risk. According to legitimacy theory, large companies are expected to behave responsibly to maintain public trust (Primasari, 2019; Rahmayani et al., 2023). While they may have the resources to engage in tax planning, they also face higher accountability pressures, making tax aggressiveness less appealing. Thus, the hypothesis is proposed:

H3: Company size has a negative effect on tax aggressiveness.

CSR disclosure has a significant negative effect on tax aggressiveness, with a coefficient 10 -0.451256. This aligns with legitimacy theory, which suggests that companies e10aging in CSR activities aim to align with societal norms and maintain public trust. Firms with high CSR tend to avoid unethical practices like tax evasion to preserve their responsible image (Lanis & Richardson, 2012). As supported by Puspita & Putra (2021), and Adisamartha & Noviari (2015), companies with low CSR are often linked with higher tax aggressiveness, indicating that strong CSR commitments are associated with better tax compliance behavior.

Firms that actively disclose and engage in CSR activities demonstrate their commitment to ethical behavior and social responsibility. According to legitimacy theory, these companies aim to align with societal expectations, which includes paying fair taxes. Engaging in tax avoidance contradicts CSR values and could damage a firm's credibility (Puspita & Putra, 2021; Lanis & Richardson, 2012). Therefore, companies that are socially responsible tend to avoid aggressive tax practices to protect their reputation and stakeholder trust. Based on this reasoning, the following hypothesis is proposed:

H4: Corporate Social Responsibility has a negative effect on tax aggressiveness.

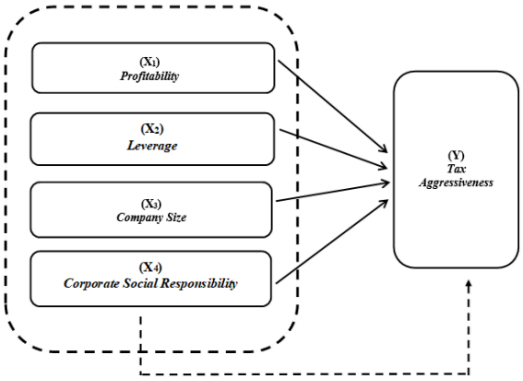

Figure 1. Research Framework

RESEARCH METHODS

This study utilizes a quantitative research approach, as defined by Berryman (2019), which involves theory, design, hypotheses, and data collection and analysis to draw conclusions. Quantitative research relies on numerical data for analysis. The study employs a causal associative research design to explore the relationship between profitability, leverage, industry size, and CSR disclosure on tax aggressiveness. Financial report data from food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2021 are used.

The population in this study consists of food and beverage companies listed on the Indonesia Stock Exchange. The population refers to a group of objects or entities with specific characteristics to be studied (Mulyantiningsih, 2011). A sample is a subset of the population that represents it in the study. Due to the large population, a sample is used for analysis to make generalizations. This study examines food and beverage sub-sector companies for the years 2019 to 2021. The author uses a purposive sampling technique, a non-probability method where specific criteria are set for sample selection. The criteria for inclusion are: 1) Food and beverage companies listed on the IDX from 2019 to 2021, 2) Companies that disclose detailed CSR data in their financial statements, and 3) Companies that reported positive profits during the research period (2019–2021). These criteria ensure a representative and relevant sample for the study (Table 1).

Table 1. Sample criteria

No.	Information	Amount
1	Food and beverage sub-sector industries listed on the Indonesia Stock Exchange (IDX) throughout the research period (2019 - 2021) and presenting detailed financial records along with corporate social responsibility data	25
2	Industries that have negative profits throughout the research period (2019 - 2021)	(7)
3	Industries that have income tax benefits throughout the research year (2019 - 2021)	(2)
	Total industries selected as samples	16

This study uses a documentation data collection method where researchers view, study, categorize, and review secondary data sourced from financial reports and their notes in the food and beverage sub-sector industry listed on the Indonesia Stock Exchange for the period 2019 - 2021. This study uses a panel data regression model as a data analysis technique to carry out hypothesis testing. Operationalization of variables based on theoretical basis, framework of thought and hypothesis is in Table 2.

Table 2. Operationalization of Variables

Variables	Definition	Measurement	Formula
Profitability (X1)	ROA ratio is a ratio that compares net income with total assets	ROA Ratio	$Return\ on\ Asset = \frac{laba\ bersih}{total\ asset}\ x\ 100\%$
Leverage (X2)	Leverage ratio is a ratio that compares the amount of debt with the company's capital	DER Ratio	$Debt\ Equity\ Ratio \frac{Total\ Debt}{Equity}\ x\ 100\%$
Company Size (X3)	Company size is a scale used to classify the size of a company according to various methods, namely by the size of income (profit), total assets, and total capital.	Natural Log of Total Assets	Ln (Total Asset)
Corporate Social Responsibility Disclosure (X4)	Corporate Social Responsibility is the commitment of a company or business world to contribute to sustainable economic development by paying attention to social responsibility	Total Amount of CSR that should be reported divided by the reported CSR index	$\frac{\sum Xyi}{ni}\ x\ 100\%$
Tax Aggressiveness (Y)	A ratio to measure the effectiveness of a company in paying taxes which is measured by comparing the income tax burden with income before tax.	ETR Proxy	$\frac{Income\ tax\ burden}{Income\ before\ tax}$

Descriptive statistics summarize research data using measures like mean, sum, standard deviation, variance, range, maximum, and minimum values for each variable. Model specification tests identify the most suitable panel data regression model. Three tests help determine the appropriate model for this study. Hypothesis testing evaluates the significance of regression coefficients (Nachrowi & Usman, 2006). If the regression coefficient equals zero, there's insufficient evidence to claim an influence of the independent variable on the dependent variable. This study uses panel data regression analysis for hypothesis testing, where each industry and time period may have different intercepts and slopes.

$$Y = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \varepsilon_{it}$$

Information:
Y = Tax aggressiveness
α = Constant
β1, β2, β3, β4 = Independent Variable Coefficients
X1 = Profitability
X2 = Leverage
X3 = Industry Size
X4 = Corporate Social Responsibility Disclosure
ε = error term
i = Total food and beverage sub-sector industry
t = Research period, namely 2019 - 2021

To assess the influence of each independent variable on the dependent variable, a partial (t-test) can be conducted. If the significance value is below 0.05, it indicates a strong influence between the independent and dependent variables (Ghozali, 2018). The conclusions drawn from the t-test are as follows: If the t value is higher than the critical t value and the probability is below 0.05, the independent variable affects the dependent variable. Conversely, if the t value is lower and the probability is above 0.05, there's no effect.

An F-test is used to determine whether all independent variables simultaneously influence the dependent variable (Ghozali, 2018). If the significance value is below 0.05, all independent variables have a simultaneous effect. If the significance value is above 0.05, there's no simultaneous effect. The coefficient of determination (adjusted R2) indicates the degree of influence of independent variables on the dependent variable. A value close to 1 suggests a stronger influence, while a value below 0.5 indicates a weak influence. In cross-sectional data, adjusted R2 is typically smaller than in time-series data. If the adjusted R2 is negative, it is assumed to be 0 (Ghozali, 2018).

RESULTS AND DISCUSSION

Based on data processing using EViews 12 with a sample of 48 industries (Table 3), the minimum value of ROA was 0.000526 for PT Sekar Bumi Tbk, and the maximum value was 0.416320 for PT Multi Bintang Indonesia Tbk. The average ROA was 0.102990, with a standard deviation of 0.073239, indicating a good distribution of data, as the standard deviation is smaller than the mean. In 2019, PT Multi Bintang Indonesia had the highest ROA of 41.6%, showing optimal asset utilization, while PT Sekar Bumi Tbk had the lowest ROA of 0%, meaning no net profit was generated from its assets.

Table 3. Descriptive Statistics

	Y	X1	X2	X3	X4
Mean	0.250229	0.102990	0.672264	23.32390	0.582418
Median	0.229126	0.099489	0.632912	27.49022	0.604396
Maximum	0.814617	0.416320	1.658416	30.62263	0.769231
Minimum	0.032015	0.000526	0.121670	13.61995	0.230769
Std. Dev.	0.108886	0.073239	0.419301	6.105754	0.141855
Skewness	3.515638	1.689201	0.428476	-0.393814	-0.377656
Kurtosis	18.40842	8.179258	0.090074	1.419822	2.054001
Jarque-Bera	573.7166	76.47663	3.124664	6.234637	2.930821
Probability	0.000000	0.000000	0.209074	0.044276	0.945779
Sum	12.01100	4.943521	32.26866	1119.547	27.95604
Sum Sq. Dev	0.557244	0.252108	8.263236	1752.171	0.945779
Observations	48	48	48	48	48

For DER, PT Multi Bintang Indonesia Tbk in 2021 had the highest value of 1.658416 (166%), reflecting a high debt burden, yet within healthy limits per PMK No. 169/PMK010.2015, which allows a maximum ratio of 4:1. PT Campina Ice Cream Industry Tbk had the lowest DER of 0.121670 (12.2%), indicating lower debt and interest burden, reducing opportunities for tax aggressiveness. In terms of assets, PT Mayora Indah Tbk had the highest ln (assets) value of 30.62263, with a mean of 23.32390 and a standard deviation of 6.105754. Lastly, CSR disclosure values ranged from 0.230769 to 0.769231, with a mean of 0.582418 and a standard deviation of 0.141855, both within expected limits. The Chow test determined the appropriate model for analysis.

Table 4. Chow Test

Effects Test	Statisti399c	d.f	Prob.
Cross-Section F	7.011	(15,28)	0.0000
Cross-Section Chi-Square	74.852609	15	0.0000

Based on the results of the Chow Test (Table 4), the results of the probability cross sections F value were obtained as much as 0.0002 < 0.05 so that based on the chow test, the specified model is a fixed effects model. The hausman test is used to determine between the fixed effects model and the random effects model with certainty. If the probability chi-square number is > 5%, then the specified model is a random effects model. If the probability chi-square number is < 5%, then the specified model is a fixed effects model.

Table 5. Hausman test

Test Summary	Chi-Sq.Statistic	Chi-Sq.d.f	Prob.
Cross-Section random	10.627756	4	0.0311

Based on the results of the Hausman test (Table 5), the chi-square probability value was obtained as much as 0.0311 < 0.05 so that based on the Housman test, the specified model is a fixed effects model. The LM test is used to determine between the random effects model and the common effects model with certainty. If the Breusch-Pagan probability is > 5%, then the specified model is the common effects model. If the Breusch-Pagan probability is < 5%, then the specified model is the random effects model.

Table 6. LM test

	Cross-section	Time	Both
Breusch-Pagan	12.43938 (0.0004)	0.627664 (0.4282)	13.06705 (0.0003)
Honda	3.526951 (0.0002)	0.792252 (0.2141)	3.054138 (0.0011)
King-Wu	3.526951 0.0002)	0.792252 (0.2141))	1.953926 (0.0254)
Standardized Honda	4.415900 (0.0000)	1.362785 (0.0865)	0.509531 (0.3052)
Standardized King-Wu	4.415900 (0.0000)	1.362785 (0.0865)	0.179499 (0.4288)
Gourrieoux et al.			13.06705 (0.0005)

Based on the results of the LM test (Table 6), the Breusch-Pagan probability value was obtained as much as 0.0003 <0.05 so that based on the LM test, the specified model is a random effects model. From the three tests that have been carried out, can be stated that the best model that can be used in this study is the fixed effects model. The t test is carried out to see the effect of each variable x (independent) on the dependent variable (dependent) which can be carried out with a partial test (t test). If the significance number t is lower than α (0.05) then it can be said that there is a strong influence between the independent variable and the dependent variable (Ghozali, 2018).

Table 7. Effects Specification

R-squared	0.907602	Mean dependent var	0.250229
Adjusted R-squared	0.844903	S. D. Dependent Var	0.108886
S.E. of regression	0.042882	Akaike info Criterion	-3.166388
Sum Squared Reside	0.051488	Schwarz Criterion	-2.386721
Log likelihood	95.99331	Hannan-Quinne Criter	-2.871751
F-Statistic	14.47556	Durbin-Watson Stat	3.129417
Prob (F-Statistic)	0.000000		

Table 7 presents the results of the regression analysis using the fixed effects model. The F-statistic value of 14.47556 with a probability of 0.000000 indicates that the model is statistically significant. Since the p-value is less than 0.05, it confirms that the independent variables—profitability, leverage, company size, and CSR disclosure—simultaneously have a significant effect on tax aggressiveness (Ghozali, 2018). This means that changes in these variables collectively influence variations in the level of tax aggressiveness within the sampled companies. Furthermore, the adjusted R-squared value of 0.844903 suggests that 84% of the variation in tax aggressiveness is explained by the independent variables in this model, while the remaining 16% is influenced by factors not examined in this study. A high adjusted R-squared value close to 1 indicates a strong explanatory power of the model. These findings support the reliability and relevance of the variables chosen in analyzing corporate tax behavior.

Table 8. t-test

Variable	Coefficient	Std.Error	t-Statistic	Prob.
C	1.855718	1.054333	1.760087	0.0893
X1	-0.075291	0.012848	-5.860087	0.0000
X2	-0.044044	0.048478	-0.908529	0.3714
X3	-0.064782	0.046527	-1.392335	0.1748
X4	-0.451256	0.119724	-3.769136	0.0008

From these estimates, a panel data analysis model was created for the factors influencing tax aggressiveness in food and beverage sub-sector companies for the 2019-2021 period.

$$Y = 1{,}855718 - 0{,}0752991*X_1 - 0{,}044044*X_2 - 0{,}064782*X_3 - 0{,}451256*X_4$$

The constant value has a positive value of 1.855718, which means that there is a unidirectional influence between the independent variable and the dependent variable. This shows that if all independent variables (profitability, leverage, company size, and CSR disclosure) do not change, the tax aggressiveness value is 1.855718. The regression coefficient of variable 1 is -0.0752991, which means that there is an opposite influence between the profitability variable and tax aggressiveness. If the profitability variable increases by 1%, then tax aggressiveness will decrease by 0.0752991, assuming that the other variables remain constant (Table 8).

The study examines the influence of profitability, leverage, company size, and CSR disclosure on tax aggressiveness in the food and beverage industry. The constant value of 1.855718 indicates a positive relationship between the independent variables and tax aggressiveness, meaning that without any changes in these factors, tax aggressiveness is expected to be 1.855718.

The regression coefficient for profitability is -0.0752991, indicating that a 1% increase in profitability leads to a 0.0752991 decrease in tax aggressiveness, assuming other factors remain constant. This suggests that higher profitability is associated with lower tax aggressiveness, as industries with large profits are more likely to comply with tax obligations to maintain a positive image. These findings align with signaling theory, which posits that industries reporting high profits send positive signals to investors, while low profits suggest poor performance.

Leverage, with a regression coefficient of -0.044044, shows a negative but insignificant relationship with tax aggressiveness. Despite the potential for high debt to enable tax avoidance through interest deductions, the study found no significant effect, likely because most industries in the sample have a lower debt-to-equity ratio, implying better capital structures and less reliance on debt for tax planning.

The company size variable has a negative but insignificant effect on tax aggressiveness. Larger industries may seek to reduce their tax liabilities due to higher profits, yet small industries still engage in tax avoidance despite lower profits. This is consistent with the findings of Rahmayani et al. (2023) and Primasari (2019), which show mixed results regarding the influence of company size on tax aggressiveness.

The CSR disclosure variable, with a coefficient of -0.451256, has a significant negative effect on tax aggressiveness. The study reveals that industries with higher CSR disclosure are less likely to engage in tax evasion. This is in line with legitimacy theory, which suggests that companies strive to align their practices with societal norms and values. Industries that disclose CSR activities are more likely to be seen as responsible and trustworthy, thus avoiding tax aggressiveness to maintain public trust. This finding is supported by Puspita & Putra (2021) and Adisamartha & Noviari (2015), who argue that industries with low CSR rankings tend to be more aggressive in tax avoidance. Also, the results of this study are in line with Rahmayani et al. (2023) and Primasari (2019).

Based on the test results, it was found that the CSR variable has a significant negative effect on tax aggressiveness. The results of the significance test of the regression coefficient of the CSR disclosure variable showed that the significance result for the influence of CSR disclosure on tax aggressiveness was 0.0008 <0.05 and the t value (calculation) was 3.769136> t (table) 2.01669. Thus, it can be stated that CSR disclosure has a negative effect on tax aggressiveness. This shows that the higher the level of CSR disclosure of an industry, the lower the practice of tax evasion. Industries that have implemented CSR activities are expected to be less aggressive in taxes. This is in line with the legitimacy theory where industries carry out their business activities in line with the values and norms that apply in society. In order to maintain public trust, industries must avoid things that are contrary to the values, norms and expectations of society. Thus, industries that express high CSR will be obedient in paying taxes to maintain their image and public trust.

According to Puspita & Putra (2021) who studied the relationship between aggressive tax evasion and irresponsible CSR activities, industries with low CSR rankings are suspected of being socially irresponsible and therefore more aggressive in avoiding taxes. Likewise, Adisamartha & Noviari (2015) said that industries with low social responsibility are those that are more tax aggressive and do not have a good understanding of tax benefits compared to other industries. Tax evasion in some people is an irresponsible social action, where the industry does not carry out its tax obligations fairly. "Tax aggressiveness is seen as unethical and irresponsible by the public, therefore tax evasion is inconsistent with CSR (Puspita & Putra, 2021). The results of this study are in line with research conducted by Nurlis et al. (2021) showing that CSR has a significant negative effect on tax aggressiveness.

CONCLUSION

This study aimed to investigate the factors influencing tax aggressiveness in the food and beverage sub-sector in Indonesia during the COVID-19 pandemic period. The findings reveal that profitability plays a significant role, showing a negative effect on tax aggressiveness, indicating that more profitable companies in the industry do not engage in excessive tax avoidance strategies. In contrast, leverage and company size do not have a significant impact on tax aggressiveness, suggesting that the food and beverage sub-sector companies do not rely heavily on debt to minimize tax liabilities or show any notable tax aggressiveness regardless of their size. A crucial finding is that corporate social responsibility (CSR) disclosure has a significant negative effect on tax aggressiveness, implying that companies committed to CSR tend to adhere to better tax compliance.

The study's significance lies in its contribution to understanding the dynamics of tax behavior in a defensive industry, which is particularly valuable for policymakers, tax authorities, and investors. It highlights the importance of CSR as a tool for improving tax

compliance, which could serve as a benchmark for other industries facing similar challenges. However, this study has some limitations, such as not considering international tax rate disparities or the effects of major capital ownership structures on tax aggressiveness. Future research should explore these aspects to provide a more comprehensive understanding of tax behavior in multinational companies and industries with dominant ownership structures. Overall, this research underscores the potential of CSR to influence tax compliance and provides valuable insights for improving tax policy and corporate governance in the food and beverage sub-sector.

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