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THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY (CSR), LEVERAGE, AND FINANCIAL DISTRESS ON TAX AGGRESSIVENESS IN PROPERTY AND REAL ESTATE SECTOR MANUFACTURING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE 2022–2024 PERIOD

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Abstract:
INA APRILIA KARTIKA, The Influence of Corporate Social Responsibility (CSR), Leverage, and Financial Distress on Tax Aggressiveness in Property and Real Estate Sector Manufacturing Companies Listed on The Indonesia Stock Exchange (IDX) for the 2022–2024 period. Thesis. Jakarta. Economics Education Study Program, Accounting Education Concentration. Faculty of Economics. Universitas Negeri Jakarta. 2025.

This study aims to analyze the influence of corporate social responsibility (CSR), leverage, and financial distress on tax aggressiveness in property and real estate sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2022–2024 period. The population consists of 273 companies, with 123 companies selected through purposive sampling. The research using descriptive statistical analysis, multiple linear regression analysis, analysis prerequisite tests, classical assumption tests, and hypothesis testing. The results show that CSR does not have a significant effect on tax aggressiveness. In contrast, leverage and financial distress have a significant effect on tax aggressiveness. Furthermore, the three variables simultaneously have a significant influence on tax aggressiveness. These findings indicate that a company's financial condition and capital structure play a crucial role in tax planning strategies, while social responsibility activities are not yet utilized by companies as a means of tax agressiveness.

Keywords:
Corporate Social Responsibility, Leverage, Financial Distress, Tax Aggressiveness

BACKGROUND

Tax is a mandatory contribution to the state owed by individuals or entities, which is enforceable under law, without receiving any direct compensation and is used for state purposes for the greatest prosperity of the people. Taxes are an important source of funding for the Indonesian economy. Furthermore, taxes play a crucial role in the realization of state revenues, which are used to finance and implement national development. State revenue plays a crucial role in the welfare of the people. State revenue is the income obtained to finance and implement all government programs to meet the needs of the community. The government plays a significant role in regulating, stabilizing, and developing the country's economic activities. Therefore, the government requires substantial funds to implement national development. Sources of state revenue include taxes, levies, loans, profits from state-owned enterprises (BUMN/BUMD), and others. The most potential source of state revenue comes from tax revenue.

Companies are subject to income tax, specifically corporate tax. Increasing value is the primary goal of every company. The increase or decrease in a company's value can be measured by its financial performance, as seen in its financial statements. One important indicator in financial statements used to determine the increase in a company's value is profit. The profit generated by a company has a direct impact on the effective tax rate imposed. Therefore, the government encourages companies and individuals to pay taxes through various outreach programs. In practice, many companies and individuals still fail to fulfill their tax obligations. Many companies and individuals also attempt to minimize their tax payments through tax aggressive activities.

Tax planning is a means of fulfilling tax obligations correctly, while minimizing the amount paid to achieve a certain profit and liquidity. Generally, the emphasis of tax planning is on minimizing tax liabilities. In other words, proper tax planning can be considered if it meets the following criteria: it does not violate tax regulations, is business-wise sound, has sufficient supporting evidence, and meets formal and material requirements. Not all costs recorded in commercial financial statements are fully recognized by tax regulations. However, taxpayers, as taxpayers, are always looking for creative ways to plan their taxes to minimize their tax obligations. Some intentionally violate the rules, while others seek loopholes wherever possible.

According to Romadona & Setiyorini (2020), there are two ways to reduce the tax burden: legal and illegal. Legal efforts to reduce the tax burden are called tax avoidance. This action is considered legal because it adheres to applicable regulations but exploits loopholes not found in the law. Illegal efforts to reduce the tax burden are called tax evasion. This practice clearly violates applicable tax regulations (Samporna et al., 2022). Of the two methods mentioned above, tax avoidance is the method most often chosen by companies to minimize their tax payments. One factor that makes tax avoidance an attractive option for companies is that it operates in uncertain situations and conditions (a gray area). (Romadona & Setiyorini, 2020). Tax avoidance is a method often chosen by companies to minimize their tax payments. This is because tax avoidance does not directly violate tax regulations; the method used is to exploit loopholes in tax regulations to reduce the tax burden (Azis & Sari, 2022). Although legal, the government still discourages such practices because tax avoidance can result in losses to the state. If these practices are allowed to continue, they could hinder the achievement of the tax budget targets set by the government, as the amount of tax that should be collected could be reduced. This will lead to stagnation in economic growth, the development of public infrastructure and other government-designed facilities, and will negatively impact the welfare of the affected community (Artinasari & Mildawati, 2018).

The potential for tax evasion in Indonesia is partly due to fundamental changes in the tax collection system and mechanisms, which initially used the official assessment system and then changed to the self-assessment system (online-pajak.com). The official assessment system grants the government (the tax authorities) the authority to collect taxes, while the self-assessment system allows taxpayers to determine their own tax liability based on applicable tax regulations (Halim et al., 2020). The implementation of the self-assessment system requires taxpayers to independently calculate, report, and remit their taxes. By knowing their minimum taxable income (PKP), taxpayers have the opportunity to reduce their tax liabilities, thereby lowering their tax bill (Kalbuana et al., 2020).

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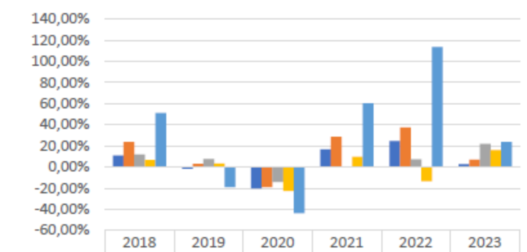
The property and real estate sector is also inextricably linked to tax evasion. Since 2013, the Directorate General of Taxes (DGT) has designated this sector as a priority sector for tax potential exploration, a policy that remains in effect to this day. The Directorate General of Taxes has identified a potential loss in tax revenue caused by underreporting of transactions, as taxes paid in this sector are based on Taxable Object Sales Value (NJOP) transactions, rather than actual transactions. NJOP-based sales result in lower tax payments because the NJOP is below the actual market value. This ultimately results in tax revenue in the property and real estate sector, derived from Final Income Tax Article 4 paragraph 2, Value Added Tax (VAT), and the 5% tax collected by local governments, namely the Land and Building Acquisition Tax (BPHTB), falling short of expectations.



	2018	2019	2020	2021	2022	2023
Industri Pengolahan	11,12%	-1,80%	-20,21%	16,77%	24,60%	2,70%
Perdagangan	23,72%	2,90%	-18,94%	28,79%	37,30%	6,90%
Jasa Keuangan & Asuransi	11,91%	7,70%	-14,31%	0,02%	7,10%	22,10%
Property & Real Estate	6,62%	3%	-22,56%	9,53%	-13,50%	15,90%
Pertambangan	51,15%	-19%	-43,72%	60,52%	113,60%	23,70%

Figure 1 Percentage of Sectoral Tax Revenue
Source: Processed by researchers based on our 2018 – 2023 State Budget

The phenomenon of tax evasion practices by property and real estate companies in Indonesia is also evidenced by the "Panama Papers" leak. This case began with the publication of a report known as the "Panama Papers" in 2016 by the International Consortium of Investigative Journalists (ICIJ). This report was based on a leak of 11.5 million documents, which contained the names of 2,961 individuals and several Indonesian property and real estate companies. The report identified PT Agung Podomoro Land Tbk as one of the companies involved in illegal financial transactions and tax evasion practices, facilitated by the law firm Mossack Foncesa. PT Agung Podomoro Land Tbk is a leading diversified real estate owner, developer, and manager in the retail, commercial, and residential real estate segments. Another company implicated in the Panama Papers leak in 2016 was PT Ciputra Development Tbk. PT Ciputra Development Tbk is one of the largest real estate development and sales companies in Indonesia, including apartments, office space, shopping centers, recreational areas, and more. PT Ciputra Development Tbk's tax evasion aims to reduce its tax burden to the state. PT Ciputra Development Tbk's tax evasion is carried out by concealing its corporate assets totaling USD 1.6 billion (equivalent to IDR 21.6 trillion). The company's assets include offices, shopping centers, recreational areas, and more. PT Ciputra Development Tbk's tax evasion aims to reduce its tax burden to the state. PT Ciputra Development Tbk's tax evasion is carried out by concealing its corporate assets totaling USD 1.6 billion (equivalent to IDR 21.6 trillion).

In practice, tax policy is often a crucial factor in corporate decision-making, particularly in financial management strategies. For example, CSR implementation can be viewed as a company's effort to comply with tax regulations while maintaining its social reputation. Furthermore, leverage, which reflects a company's capital structure, is often linked to decisions related to optimizing tax burdens. Conversely, financial distress, which reflects financial pressure, can encourage companies to increase their tax planning aggressiveness to maintain financial stability. This study will analyze how CSR, leverage, and financial distress influence tax aggressiveness as part of a company's fiscal strategy.

CSR is considered a key factor in success and survival. In a broader and arguably more important context, CSR can potentially influence tax aggressiveness in terms of how a company accounts and directs its systems and processes in relation to the overall welfare of society. Financial distress experienced by a company caused by a decline in economic activity is crucial for predicting the company's continuity or survival. Predicting continuity is crucial for management and company owners to anticipate the possibility of bankruptcy. Leverage (debt structure) is a ratio that indicates the amount of debt a company has to finance its operations. An increase in debt will result in interest expenses that must be paid by the company. Based on tax regulations, Article 6 paragraph (1) letter a of Law No. 36 of 2008, interest is a component of business costs that is permitted to be deducted in the accumulation of Corporate Income Tax. The higher a company's profitability, the greater the amount of taxes it must pay. Therefore, one strategy to minimize the tax burden is to increase the leverage ratio.

Previous research findings indicate a gap between the results of one study and another regarding the relationship between tax aggressiveness and CSR, leverage, and financial distress. This indicates that tax aggressiveness is influenced by many factors. The various studies conducted suggest that researchers should conduct further research on the existing interconnected factors, both those that have been tested and those that have not. Therefore, researchers are interested in conducting a study entitled "The Effect of Corporate Social Responsibility (CSR), Leverage, and Financial Distress on Tax Aggressiveness."

THEORETICAL FRAMEWORK

Agency Theory

Handayani (2018) in her research stated that in agency theory, there is an asymmetrical relationship between the principal and the agent. This asymmetrical relationship creates asymmetric information due to differing interests between the two parties, the agent and the principal. The agent is certainly more knowledgeable about the company's internal information than the principal. This encourages the agent to engage in tax avoidance as an effort to increase the company's net profit and attract investors. However, the principal tends to avoid companies that engage in tax avoidance because it can create a negative corporate image, thus disrupting the predictability of the company's financial performance and stock value (Indarto & Widarjo, 2021).

Tax aggressiveness

According to Hidayat & Fitria (2018), a common type of tax aggressive transaction often used by companies to reduce their taxable income is the excessive use of corporate debt by claiming excessive interest expenses and excessive use of tax losses. Gazali et al.'s (2020) research states that companies may choose debt financing because interest costs act as a tax shield, thus reducing the company's tax burden. Therefore, the higher a company's leverage ratio, the greater the company's efforts to avoid taxes. ATP was found to maximize the complexity of organizational structures and minimize transparency in financial reporting (Rosmaria et al., 2021).

The ETR is the most widely used method in previous research. According to research conducted by Handayani et al. (2018), the use of the ETR is considered effective in providing an overview of corporate tax avoidance because it directly shows the percentage of income tax expense relative to the company's pre-tax profit, thus providing a clear picture of the company's tax burden. Therefore, the use of the ETR can help identify whether a company is paying taxes in accordance with the applicable tax rate.

Corporate Social Responsibility (CSR)

According to Kurniawati (2019), the most common form of adjustment activity undertaken by companies is through CSR programs, which are implemented in an effort to protect the surrounding environment as a manifestation of the company's concern for the environment. Companies that increasingly undertake and disclose CSR activities demonstrate that they care about the community and the environment. Furthermore, companies that carry out CSR activities generate significant benefits, as the costs of these activities are often referred to as "reputation costs" and "political costs." Based on CSR theory, to demonstrate social responsibility and gain legitimacy in society, companies must have a low level of aggressiveness (Arifin & Rahmiati, 2020).

CSR disclosure in annual reports is based on standards established by the Global Reporting Initiatives (GRI), a corporate reporting guideline to support sustainable development, pioneered by the United Nations (UN) through the Coalition for Environmental Economies (CERES) and the United Nations Environment Programme (UNEP) in 1997 (Abdulaziz et al., 2021). According to Cooke in Abdulaziz et al. (2021), measurement items are scored 1 if disclosed in the report, and 0 if not disclosed.

Leverage

Leverage is a ratio that measures how much a company is financed by debt. Excessive use of debt is detrimental to a company because it is categorized as extremely leveraged. This means the company is trapped in a high debt level. Debt repayment is difficult because the company must balance how much debt is appropriate and where it can be used to repay the debt (R. A. Fitri & Munandar, 2018). Gazali (2020) explains that companies that use leverage aim to generate profits greater than fixed costs. The leverage ratio indicates a company's financing through debt, reflecting the increasing interest expense resulting from debt. Therefore, the higher the leverage ratio, the higher the interest expense due to debt, which impacts the company's profit. Therefore, companies will use a high leverage ratio for tax avoidance practices. According to Tabrani et al. (2020), the leverage ratio (DER) is a ratio used to measure how a company can maximize profits through asset and funding management. Funding here refers to the management of funds with fixed costs.

Based on the types of measurements discussed in the previous point and in line with ongoing research by Lestari & Solikhah (2019), Peranginangin (2019), and Sri Rahayu et al. (2022), DER can be used as an indicator to measure the debt ratio because it better represents the ratio between equity and foreign capital.

Financial Distress

According to Ayem et al. (2021), financial distress is a process in which a company experiences difficulties in managing its finances, resulting in the company being unable to meet

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its obligations. A company will experience financial distress if its operating cash flow is unable to cover short-term obligations, such as interest payments on maturing loans. Nugroho & Firmansyah (2018) state that companies experiencing financial distress exhibit an increase in the cost of capital, a weakening credit rating, and an increased tendency for managers to take on greater risks and engage in tax aggressiveness.

This study measures financial distress using the Altman model, which calculates a Z-score similar to that used by Andini et al. (2020), Wisuandari & Putra (2018), and Sugiyarti & Rina (2020). Therefore, the formula used to measure Financial Distress is as follows:

$$Z - Score = 1.2X_1 + 1.4X_2 + 3.3X_3 + 0.6X_4 + 1.0X_5$$

METHOD

The population in this study is all 91 companies in the property and real estate sector listed on the Indonesia Stock Exchange (IDX) for the 2022-2024 period. The sample is a subset of the population that will be used as research data (Purwohedi, 2022). Information obtained from the sample can be generalized to the entire population; therefore, it is important for the sample to be representative of the research population. The sampling technique used in this study was purposive sampling. Purposive sampling employs several criteria in selecting a sample from the population. These criteria can be based on the research design or previous references (Purwohedi, 2022). The researcher used several criteria based on references to previous research as the basis for sample selection. The sample selection criteria in this study are:

1. Companies in the property and real estate sector listed on the IDX consistently performed well during the 2022-2024 period.
2. Companies in the property and real estate sector listed on the IDX whose annual financial reports for the 2022-2024 period can be accessed on the IDX website and the official websites of the companies concerned.
3. Companies in the property and real estate sector listed on the IDX, whose annual financial report closing date for the 2022-2024 period is December 31st.
4. Companies in the property and real estate sector listed on the IDX that did not experience losses during the 2022-2024 period. This criterion is used because the tax base is derived from the company's income. Therefore, if the company experiences losses, it is not obligated to pay taxes.

This research uses a quantitative approach, where quantitative research aims to prove a theory or conceptual model to explain a problem phenomenon within the unit of analysis being studied. Quantitative research tests various specific theories by examining the relationships between variables, which are then measured using various research instruments so that the numerical data can be analyzed using statistical procedures (Purwohedi, 2022). The data used in this study is secondary data. Secondary data is data obtained by a researcher who does not work individually or directly in the field, but rather through reports, documents, and books (Sugiyono, 2019). The data in this study were obtained from audited annual financial reports published on the official IDX website (www.idx.co.id) or company websites. The data obtained will be collected in MS Excel and processed in SPSS. Analytical techniques are the final stage in research once the required data has been collected. In this study, the researcher employed quantitative analysis. To conduct this analysis, the researcher used IBM SPSS Version 26. The following are the steps taken in analyzing the data: Multiple Linear Regression Analysis, Descriptive Statistical Analysis, Analysis Requirements Tests (Normality Test, Linearity Test), Classical Assumption Tests (Multicollinearity Test, Autocorrelation Test, Heteroscedasticity Test), Hypothesis Testing (F Test, T Test, and Coefficient of Determination).

RESULT

Descriptive Statistical Analysis

Table 1 Descriptive Statistics Results of Tax Aggressiveness

	N	Range	Min	Max	Sum	Mean	Std. Deviation	Variance
Agresivitas Pajak	123	,63	,00	,63	13,06	,1062	,14436	,021
Valid N (listwise)	123							

Based on the table above, it can be concluded that tax aggressiveness has a class range of 0.63 (0.63 – 0.00). Furthermore, the number of class intervals is 8, obtained from the calculation K = 1 + 3.3 (Log 123) = 7.89. The length of the 8th class interval is then obtained by dividing 0.63 by 8.

Table 2 CSR Descriptive Statistics Results

	N	Range	Min	Max	Sum	Mean	Std. Deviation	Variance
CSR	123	.69	.16	.85	73.02	.5937	.14709	.022
Valid N (listwise)	123							

Based on the table above, it can be concluded that the CSR has a class range of 0.69 (0.85 – 0.16). Furthermore, the number of class intervals is 8, obtained from the calculation K = 1 + 3.3 (Log 123) = 7.89. The length of the 8th class interval is then obtained by dividing 0.69 by 8.

Table 3 Descriptive Statistics Results of Leverage

	N	Range	Min	Max	Sum	Mean	Std. Deviation	Variance
Leverage	123	.88	.00	.88	27.45	.2232	.22546	.051
Valid N (listwise)	123							

Based on the table above, it can be concluded that the leverage has a class range of 0.88 (0.88 – 0.00). Furthermore, the number of class intervals is 8, obtained from the calculation K = 1 + 3.3 (Log 123) = 7.89. The length of the class interval is 11, obtained by dividing 0.88 by 8.

Table 4 Descriptive Statistics Results of Financial Distress

	N	Range	Min	Max	Sum	Mean	Std. Deviation	Variance
Financial Distress	123	2.74	.80	3.54	201.47	1.6380	.57795	.334
Valid N (listwise)	123							

Based on the table above, it can be concluded that financial distress has a class range of 2.74 (3.54 – 0.80). Furthermore, the number of class intervals is 8, obtained from the calculation K = 1 + 3.3 (Log 123) = 7.89. The length of the class interval 4 is obtained by dividing 2.74 by 8.

Multiple Linear Regression Analysis

Table 5 Multiple Linear Regression Results

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.054	.010		5.640	.000
CSR	-.013	.014	-.057	-.875	.384
Leverage	.131	.011	.771	12.012	.000
Financial Distress	.018	.004	.245	4.350	.000

Based on the table above, the multiple linear regression equation can be obtained as follows:

$$\hat{Y} = 0.054 - 0.013X1 + 0.131X2 + 0.018X3$$

Normality Test

Based on the table below, the Asym.Sig value is 0.200, which is greater than 0.05. Therefore, it can be concluded that the data for each variable is normally distributed.

Table 6 Normality Test Results

		Unstandardized Residual
N		30
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	291.167.514
Most Extreme Differences	Absolute	.072
	Positive	.072
	Negative	-.067
Test Statistic		.072
Asymp. Sig. (2-tailed)		.200[c, d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

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Additionally, to test for normality, a Normal Probability Plot can be used to determine whether the data is normally distributed. The following is a P-Plot image of this study:

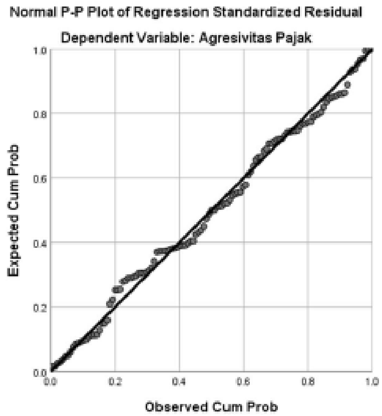

Figure 2 Probability Plot Results

The figure illustrates that this study is normally distributed. This is because the points are spread along the diagonal line.

Linearity Test

Based on the table below, the Deviation from Linearity for the relationship between X1 and Y is 0.097, which means it is greater than 0.05. Therefore, it can be concluded that X1 and Y are in a linear relationship.

Table 7 Results of the Linearity Test of CSR on Tax Aggressiveness

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
Agresivitas Pajak *CSR	Between Groups	(Combined)	.469	26	.018	1.637	.045
		Linearity	.066	1	0,045833333	6.002	.016
		Deviation from Linearity	.403	25	.016	1.462	.097
	Within Groups		1.059	96	.011		
Total			1.528	122			

Based on the table below, the Deviation from Linearity for the relationship between X2 and Y is 0.051, which means it is greater than 0.05. Therefore, it can be concluded that X2 and Y are in a linear relationship.

Table 8 Results of the Linearity Test of Leverage on Tax Aggressiveness

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
Agresivitas Pajak **Leverage*	Between Groups	(Combined)	.244	51	.005	7.237	.000
		Linearity	.194	1	.194	292.878	.000
		Deviation from Linearity	.050	50	.001	1.525	.051
	Within Groups		.047	71	.001		
Total			.291	122			

Based on the table above, the Deviation from Linearity for the relationship between X3 and Y is 0.069, which means it is greater than 0.05. Therefore, it can be concluded that X3 and Y are in a linear relationship.

Table 9 Results of the Linearity Test of Financial Distress Against Tax Aggressiveness

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
Agresivitas Pajak **Financial Distress*	Between Groups	(Combined)	1.363	100	.014	1.810	.056
		Linearity	.067	1	.067	8.943	.007
		Deviation from Linearity	1.295	99	.013	1.738	.069
	Within Groups		.166	22	.008		
Total			1.528	122			

Heteroscedasticity Test

Table 10 Heteroscedasticity Test Results

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.090	.043		2.098	.038
CSR	.027	.062	.039	.433	.666
Leverage	.074	.044	.167	1.700	.092
Financial Distress	-.017	.010	-.161	-1.674	.097

a. Dependent Variable: ABS_RES

Based on the table above, the significance value for the CSR variable is 0.156, Leverage is 0.085, and Financial Distress is 0.437. All three significance values for each variable are greater than 0.05, thus, it can be concluded that there are no symptoms of heteroscedasticity in this study. Additionally, heteroscedasticity testing can be done using graphical tests, namely by observing the distribution of points on scatterplots. The following is a graphical image of the results of a heteroscedasticity test.

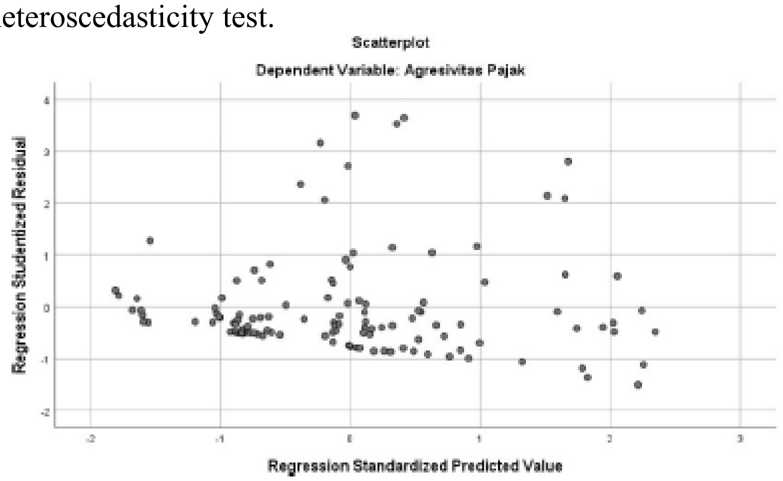

Figure 3 Scatterplots of Heteroscedasticity Test

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Based on the figure above, it can be concluded that there are no symptoms of heteroscedasticity. This is because the points do not form a specific pattern either below or above the line.

Multicollinearity Test

Table 11 Multicollinearity Test Results

Coefficients[a]

Model	Collinearity Statistics	
	Tolerance	VIF
CSR	.937	1.067
Leverage	.800	1.250
Financial Distress	.834	1.199

a. Dependent Variable: Agresivitas Pajak

Based on the table above, it can be concluded that there are no symptoms of multicollinearity. This is evident from the tolerance value for the CSR variable (0.937), Leverage (0.800), and Financial Distress (0.834). All three tolerance values for each variable are above 0.1. Furthermore, the VIF value for CSR is 1.067, Leverage (1.250), and Financial Distress (1.199). All three VIF values for each variable are less than 10.

Table 12 Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.798[a]	.637	.628	.02729	1.799

a. Predictors: (Constant), X3, X2, X1

b. Dependent Variable: Y1

Based on the table above, the Durbin-Watson value is 1.799 with a significance level of 0.05, with a sample size of 123 and 3 independent variables, or k = 3. Therefore, in this study, the dW value of 1.799 is greater than the dU value of 1.654, and the dW value of 1.799 lies between dU of 1.654 and 2.346 (obtained from 4 – 1.654). Therefore, it can be concluded that there are no signs of autocorrelation in this study.

T-test

Table 13 Results of T-Test (Partial)

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.054	.010		5.640	.000
CSR	-.013	.014	-.057	-.875	.384
Leverage	.131	.011	.771	12.012	.000
Financial Distress	.018	.004	.245	4.350	.000

a. Dependent Variable: Agresivitas Pajak

The results of this test indicate that the CSR variable does not have a significant effect on Tax Aggressiveness, as evidenced by the calculated t-value < t-table, i.e., -0.875 < 1.98, and the Sig. value > 0.05, i.e., 0.384. Therefore, it can be concluded that H1 is rejected, meaning CSR does not significantly influence Tax Aggressiveness.

The results of this test indicate that the Leverage variable has a significant influence on Tax Aggressiveness, as evidenced by the calculated t-value > t-table, namely 12.012 > 1.98, and a Sig. value < 0.05, namely 0.000. Therefore, it can be concluded that H2 is accepted, meaning that Leverage has a significant effect on Tax Aggressiveness.

The results of this test indicate that the variable "Financial distress" has a significant effect on "Tax Aggressiveness," as evidenced by the calculated t-value > t-table, i.e., 4.350 > 1.98, and a Sig. value < 0.05, i.e., 0.000. Therefore, it can be concluded that H3 is accepted, meaning "Financial distress has a significant effect on Tax Aggressiveness."

F-test

Table 14 F-Test Results (Simultaneous)

ANOVA[a]					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	.155	3	.052	69.525	.000[b]
Residual	.089	119	.001		
Total	.244	122			

a. Dependent Variable: Agresivitas Pajak

b. Predictors: (Constant), Financial Distress, Leverage, CSR

Based on the table above, the calculated F-value of 69.525 is greater than the F-value of 3.07. Therefore, it can be concluded that there is a positive and significant influence between CSR, Leverage, and Financial Distress on Tax Aggressiveness.

Coefficient of Determination

Table 15 Results of the Determination Coefficient

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.798[a]	.637	.628	.02729	1.799

a. Predictors: (Constant), X3, X2, X1

b. Dependent Variable: Y1

Based on the table above, it can be seen that the R value is 0.798, the R squared value is 0.637, and the adjusted R squared value is 0.628. Therefore, it can be concluded that the simultaneous influence of CSR, leverage, and financial distress on tax aggressiveness is 62.8%.

DISCUSSION

The Influence of Corporate Social Responsibility (CSR) on Tax Aggressiveness

The results of this study reject the first hypothesis, namely that the CSR variable has no effect on Tax Aggressiveness. This can be seen based on the T-test results, where the calculated t value is < t table, i.e., -0.875 < 1.98, and the Sig. value is > 0.05, i.e., 0.384.

Therefore, it can be concluded that H1 is rejected, meaning that CSR does not have a significant effect on Tax Aggressiveness.

This is in line with research conducted by Fionasari et al. (2017), which found that CSR has no effect on tax aggressiveness. This is because a company is unwilling to reduce its profits and demonstrate social responsibility in the tax dimension. Furthermore, research conducted by Yutaro & Miftatah (2020) also explains that CSR has a negative effect on tax avoidance. This is because CSR activities consider not only the economic but also the social, environmental, and other impacts of the company's actions as a form of responsibility to stakeholders. This is inconsistent with research conducted by Widiyah et al. (2025), which found that CSR has a significant effect on tax aggressiveness. This is because the higher the implementation of CSR within a company, the higher the level of tax aggressiveness, and the company continues to optimize its tax strategy to maximize profits.

The Effect of Leverage on Tax Aggressiveness

The results of this study support the second hypothesis, namely that the leverage variable influences tax aggressiveness. This can be seen from the T-test results, where the calculated t-value is greater than the t-table value (12.012, > 1.98), and the sig. value is <0.05 (0.000). Therefore, it can be concluded that H2 is accepted, meaning leverage has a significant influence on tax aggressiveness.

This is in line with research conducted by Wulandari & Dirman (2025), which found that leverage has a significant impact on tax aggressiveness. This is because greater corporate debt leads to greater tax avoidance. High interest costs reduce the company's tax burden. Furthermore, research conducted by Ilham & Arsjah (2025) found that leverage has no effect on tax aggressiveness. This is because companies with high leverage tend to maintain profits to maintain creditor confidence. Strict creditor oversight can limit aggressive activities, including tax strategies, legal risk reduction, and liquidity management. Furthermore, research conducted by Hafizah Rahma (2025) found that leverage has a significant impact on tax aggressiveness. This is because a company already has a debt financing strategy that will be used for investment in increasing production and generating profits capable of covering interest costs and tax revenue.

The Effect of Financial Distress on Tax Aggressiveness

The results of this study support the third hypothesis, namely that financial distress influences tax aggressiveness. This can be seen from the T-test results, where the calculated t-value is greater than the t-table value, i.e., 4.350 > 1.98, and the Sig. value is < 0.05, i.e., 0.000. Therefore, it can be concluded that H3 is accepted, meaning financial distress has a significant influence on tax aggressiveness.

This is in line with research conducted by Sagita & Praptitorini (2025), which found that financial distress negatively impacts tax aggressiveness. This is because when a company faces financial difficulties, it will seek various strategies to improve its financial condition. This involves reducing reported income and presenting financial statements that reflect losses. Furthermore, research conducted by Sri (2025) found that financial distress positively impacts tax aggressiveness. This occurs when a company experiences declining financial conditions before bankruptcy, encouraging each company to adopt a more aggressive approach to tax payment obligations. This finding contradicts research conducted by Sinaga (2025), which found that financial distress has no impact on tax aggressiveness. This is because a company experiences ongoing losses with high debt and cash shortages, which can result in delisting from the Indonesia Stock Exchange.

The Effect of Corporate Social Responsibility (CSR), Leverage, and Financial Distress on Tax Aggressiveness

The results of this study support the fourth hypothesis, namely that CSR, Leverage, and Financial Distress variables influence Tax Aggressiveness. This is evident from the calculated F-value of 69.525, which is greater than the F-table value of 3.07, and the determination value of 62.8%.

This is in line with research conducted by Rahmawati & Rakhmawati (2024), which found that leverage, financial distress, capital intensity ratio, and Islamic corporate social responsibility (ICSR) significantly influence tax aggressiveness. This can be seen from leverage, where the higher the debt level, the greater the level of tax aggressiveness. Considering financial distress, when a company experiences financial difficulties, it is less likely to engage in tax aggressiveness. Considering the capital intensity ratio, when a company has significant fixed assets, high depreciation costs can reduce profits, allowing the company to influence its tax liability. Furthermore, ICSR indicates that companies will allocate significant funds to CSR disclosure as an aggressive tax management strategy to reduce their tax burden. Furthermore, research by Awalia (2024) found that leverage has a positive and significant effect on tax aggressiveness, but CSR does not have a significant effect on tax aggressiveness. This is due to financial pressure and debt structures that encourage companies to engage in tax avoidance. Furthermore, research conducted by Septanta et al. (2023) found that CSR and financial distress have a positive and significant effect on tax aggressiveness. This indicates that companies experiencing financial pressure tend to employ aggressive strategies to reduce their tax burden.

CONCLUSION

1. Testing the influence of Corporate Social Responsibility (CSR) on Tax Aggressiveness shows that CSR has no effect on tax aggressiveness. This indicates that companies will not engage in activities that would reduce their profits and demonstrate social responsibility in the tax dimension. Therefore, CSR cannot indirectly influence the tax strategy implemented.
2. Testing the influence of leverage on tax aggressiveness shows that leverage has an impact on tax aggressiveness. This is because greater corporate debt leads to greater tax avoidance, and companies with high leverage tend to maintain profits to maintain creditor confidence. Furthermore, companies with high levels of debt tend to be more proactive in seeking ways to reduce their tax burden to maintain cash flow stability.
3. Testing the influence of financial distress on tax aggressiveness shows that financial distress has an impact on tax aggressiveness. This is because when a company experiences declining financial conditions before bankruptcy, it encourages each

company to adopt a more aggressive tax compliance approach. When companies face financial difficulties, they will seek various strategies to improve their financial condition. This includes reducing reported income and presenting financial statements that reflect losses. Financial distress encourages companies to implement more aggressive tax strategies as a measure to maintain operational continuity.

4. This study tested that CSR, leverage, and financial distress simultaneously have a significant influence on tax aggressiveness. Each company will allocate significant funds to disclose CSR as an aggressive management strategy. Based on leverage, the higher the debt level, the greater the tax aggressiveness. Based on financial distress, it can be seen that when a company experiences financial difficulties, it is less likely to engage in tax aggressiveness. These three variables demonstrate that corporate tax decisions are influenced not only by fiscal factors but also by financial conditions and commitment to sustainability.

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