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# The Effect of Profitability, Corporate Social Responsibility Disclosure, and Capital Intensity on Tax Avoidance with Company Size as Moderating Variable

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## Abstract

Tax avoidance remains a persistent issue in Indonesia's manufacturing sector, which plays a major role in national GDP yet remains vulnerable to regulatory loopholes. This study aims to analyze the effects of profitability, capital intensity, and Corporate Social Responsibility (CSR) on tax avoidance, while examining firm size as a moderating variable. Using purposive sampling, the research selected 30 manufacturing firms listed on the Indonesia Stock Exchange (IDX) from 2019–2023, yielding 150 firm-year observations. Secondary data were obtained from annual reports, and analysis was conducted using panel data regression with the Fixed Effect Model (FEM) and Moderated Regression Analysis (MRA). The results reveal that profitability has a significant negative effect on tax avoidance, indicating that more profitable firms tend to comply with tax regulations to maintain legitimacy and reputation. In contrast, CSR and capital intensity show no significant influence, and firm size does not moderate any of these relationships. These findings suggest that financial performance plays a greater role than structural or disclosure factors in determining tax behavior. The study contributes to the literature by providing empirical evidence on the determinants of tax avoidance in Indonesia's manufacturing sector and offers policy implications for tax authorities to strengthen oversight of low-profit firms vulnerable to aggressive tax planning.

## Keywords

Capital Intensity, Corporate Social Responsibility, Company Size, Profitability, Tax Avoidance.

## 1. Introduction

One of the fiscal tools that is strategically important to the development of a country is taxation. The state's primary source of funding for social services, infrastructure development, and public spending is tax revenue. The Directorate General of Taxes reports that taxes account for about 70% of the State Budget. Nonetheless, Indonesia continues to confront significant obstacles because of its low tax rate, which in 2023 was only around 10.4% of GDP, significantly lower than the average of OECD member nations, which was about 33%.

Corporate organizations practice of tax avoidance is one of the reasons for the low tax ratio. Tax avoidance is a tax planning technique that minimizes tax obligations without overtly breaking the law by taking advantage of gaps and flaws in tax laws. Despite being lawful, this approach lowers the possibility of state revenue and has ethical and reputational ramifications for businesses (Lanis & Richardson, 2012). Tax avoidance methods cost Indonesia up to USD 4.3 billion in lost tax income annually, with the industrial sector accounting for one of the biggest losses. The central statistics agency stated in 2024 that since the manufacturing sector accounts for about 20% of the national GDP, any possible tax loss in this area would have a major effect on state revenue.

The manufacturing sector has specific characteristics that make it vulnerable to tax avoidance practices. First, the complexity of production cost structures allows companies to take advantage of transfer pricing schemes between divisions or affiliated entities. Second, tax incentive policies such as tax holidays and tax allowances, which are intended to attract investment, have the potential to be misused to aggressively reduce tax liabilities. Third, regulatory loopholes and flexibility in determining accounting methods, such as depreciation or cost recognition methods, can be exploited to optimize the tax burden paid.

The issue of tax avoidance can also be explained through the perspective of agency theory, which describes the conflict of interest between owners (principals) and managers (agents) (Yazdipour & Song, 1986). Managers, who have more information about the company's condition, can take advantage of tax policies to achieve personal or short-term goals, for example, by maintaining cash flow through reduced tax payments. On the other hand, Stakeholder Theory emphasizes that the sustainability and performance of a company are greatly influenced by harmonious relationships with stakeholders who have direct or indirect interests in the company's activities (Hoi et al., 2013). These stakeholders include the government, investors, employees, customers, suppliers, local communities, and the wider community.

According to Bammer (2024), companies that neglect stakeholder interests risk losing social legitimacy and public trust. Although tax avoidance is legally permissible, it is often perceived negatively by stakeholders. The government may view it as a lack of fiscal contribution, the public as unfair behavior, and investors as a reputational threat to long-term value. Consequently, tax avoidance exposure can erode stakeholder confidence and endanger business sustainability.

Although various studies have analyzed factors influencing tax avoidance, their findings remain inconsistent. Some reveal that profitability discourages tax avoidance, while others suggest the opposite. Likewise, evidence on capital intensity and CSR disclosure also varies across industries and periods. These inconsistencies highlight a research gap, particularly in the manufacturing sector, which contributes substantially to Indonesia's GDP yet remains empirically underexamined.

This study focuses on three internal factors: profitability, capital intensity, and Corporate Social Responsibility (CSR) disclosure that theoretically influence tax avoidance. Return on Assets (ROA) is used to assess profitability, a disclosure index based on the GRI Standards and PJOK 051/2017 is used to measure CSR, and the ratio of fixed assets to total assets is used to measure capital intensity. In addition,

this study examines company size as a moderating variable to determine whether the size of assets and company capacity can strengthen or weaken the relationship between the three independent variables and tax avoidance

This study aims to examine the effect of profitability, capital intensity, and CSR on tax avoidance, with firm size as a moderating variable, among manufacturing companies listed on the Indonesia Stock Exchange from 2019 to 2023. The findings are expected to enrich empirical evidence on corporate taxation behavior and provide practical insights for policymakers in strengthening tax compliance and supervision within Indonesia's manufacturing sector.

## **2. Literature Review and Hypothesis Development**

### **2.1. Agency Theory and Stakeholder Theory**

The Agency Theory introduced by Jensen and Meckling (1976) explains that differences in interests between owners (principals) and management (agents) can lead to conflict. In the context of taxation, management may be encouraged to engage in tax avoidance to increase net profit. Higher profits can strengthen management's bargaining position in obtaining compensation or maintaining its performance reputation. Previous research shows that companies with high profitability tend to have greater incentives to minimize their tax burden (Kusuma & Lukman, 2023). In addition, a high proportion of fixed assets (capital intensity) allows companies to use depreciation as an instrument to reduce taxable income.

According to Bammer (2024), stakeholder engagement is a fundamental principle in the application of stakeholder theory, which emphasises the importance of building and maintaining harmonious relationships with all stakeholders, both those with direct and indirect interests in the company's activities. These stakeholders include customers, employees, suppliers, investors, the government, and the wider community. However, CSR can also be used as a strategy to manage the company's image, thereby covering up the negative impact of tax avoidance practices (Hoi et al., 2013). Large companies, which have greater exposure to the public and regulators, can use CSR to mitigate reputational risk, or conversely, become more cautious in engaging in tax avoidance.

### **2.2 The Determinants of Tax Avoidance**

Tax avoidance has become a central topic in accounting and taxation research, with various studies examining the determinants that influence corporate behavior in minimizing tax obligations. One key determinant is profitability, which reflects a company's ability to generate earnings from its assets, capital, or sales. Companies with high profitability are often under closer scrutiny by tax authorities, making them more cautious in engaging in tax avoidance strategies (Chen et al., 2010). Empirical findings confirm this relationship, where Return on Assets (ROA) was found to significantly affect tax avoidance and profitability measured by Return on Equity (ROE) demonstrated a significant negative effect, suggesting that highly profitable firms tend to avoid aggressive tax avoidance to maintain legitimacy (Amalia, 2020; Amiah, 2022).

Corporate Social Responsibility (CSR) is another determinant frequently associated with tax avoidance. CSR disclosure has been linked to earnings quality and the likelihood of earnings manipulation, where firms with greater flexibility in accruals are more prone to tax avoidance (Hanlon, 2005; Frank et al., 2009). Some studies found that firms with higher CSR engagement are more likely to adopt aggressive tax avoidance as a hedging mechanism against reputational risks (Abid & Dammak, 2022). However, other research suggests that CSR disclosures, whether high or low, may generate similar impacts on tax avoidance (Amalia & Suprapti, 2020; Mukarramah & Nugroho, 2025). The growing attention to CSR, especially after financial scandals, indicates that firms increasingly adopt voluntary CSR

practices to strengthen their corporate image and governance while navigating tax strategies (Daoud & Ennour, 2022). Corporate Social Responsibility (CSR) is commonly measured using the Global Reporting Initiative (GRI) Standard Index in conjunction with POJK 051/2017. The level of disclosure is determined by comparing the number of items reported by a company to the total relevant items required.

Capital intensity, defined as the allocation of fixed assets in operations, is also strongly related to tax avoidance. A higher proportion of fixed assets creates larger depreciation expenses, which act as a tax shield to reduce taxable income (Richardson & Lanis, 2007). Empirical studies further confirm that capital intensity significantly influences tax avoidance practices in various corporate contexts (Amalia, 2020; Amni et al., 2023).

H1: Profitability has a significant effect on tax avoidance.

H2: Corporate social responsibility has a significant effect on tax avoidance.

H3: Capital intensity has a significant effect on tax avoidance.

### **2.3 Firm Size as a Moderator Variable**

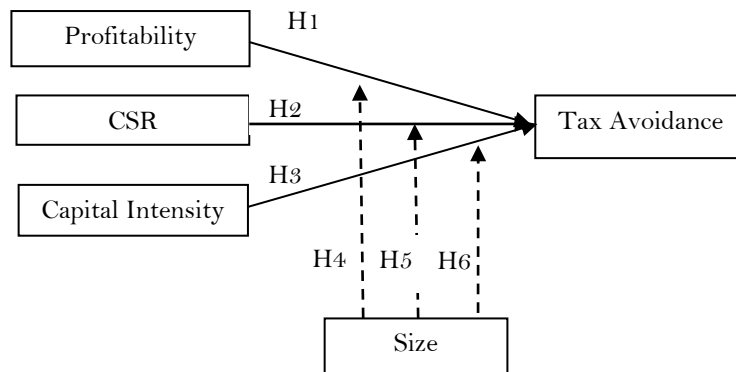
Firm size is widely recognised as an important contextual factor that can shape corporate tax behaviour. According to Hormati (2009), firm size can be classified based on total assets, log size, or market share value, which reflects the scale of operations and the level of resources available to a company. In the context of tax avoidance, firm size is often viewed as a moderating variable that influences the strength of the relationship between profitability, CSR, and capital intensity with tax avoidance. Larger firms typically attract greater attention from regulators, stakeholders, and the public, which increases scrutiny and limits their flexibility in engaging in aggressive tax avoidance practices (Payne & Raiborn, 2018; Prasasti et al., 2025). This aligns with agency theory, which emphasizes managerial incentives in tax planning, and stakeholder theory, which highlights external pressure to maintain legitimacy and reputation.

Empirical findings support this moderating role. Amiah (2022) demonstrated that firm size can moderate the positive relationship between profitability and capital intensity on tax avoidance, suggesting that larger companies may use their scale strategically to optimize tax obligations. Similarly, Hossain et al. (2024) found that large firms positively impact tax avoidance, while profitability and leverage were significantly associated with higher tax avoidance practices. These results imply that firm size not only reflects operational capacity but also shapes managerial decisions in balancing financial performance, CSR commitments, and asset utilization with tax planning strategies. Thus, examining firm size as a moderating variable is essential to understand the complexity of determinants influencing tax avoidance behavior.

H4: Firm size moderates the relationship between profitability and tax avoidance.

H5: Firm size moderates the relationship between CSR and tax avoidance.

H6: Firm size moderates the relationship between capital intensity and tax avoidance.



**Figure 1.** Research Framework

Based on Figure 1, the research framework examines the direct and moderating effects of several variables on tax avoidance. Profitability (H1), corporate social responsibility (CSR) (H2), and capital intensity (H3) are positioned as independent variables expected to significantly influence tax avoidance practices. Furthermore, firm size is introduced as a moderating variable to test whether company scale strengthens or weakens these relationships. Specifically, firm size is hypothesized to moderate the effect of profitability on tax avoidance (H4), the effect of CSR on tax avoidance (H5), and the effect of capital intensity on tax avoidance (H6). This framework is designed to provide a comprehensive understanding of how internal financial characteristics, social responsibility practices, and structural factors interact in shaping corporate tax avoidance behavior.

### 3. Methods

Examining the impact of independent variables on dependent variables and the function of moderating variables in this connection is the goal of this quantitative study using a causal method. All manufacturing firms that were listed between 2019 and 2023 on the Indonesia Stock Exchange (IDX) are included in the research population. Thirty businesses made up the research sample after the sample was chosen using purposive sampling techniques and predetermined criteria. The sampling criteria include: (1) manufacturing companies consistently listed on the IDX during 2019–2023, (2) firms that publish complete financial statements and CSR disclosures, and (3) firms reporting positive pre-tax income to ensure reliable ETR calculation. The final sample of 30 companies was considered representative and met the adequacy standards for panel data regression analysis, emphasizing the number of observations rather than entities. A total of 150 observations (30 companies × 5 years) across a five-year observation period were evaluated.

The Effective Tax Rate (ETR), determined by dividing income tax expense by income before taxes, measures tax avoidance, the dependent variable in this study (Hanlon & Heitzman, 2010). Profitability, capital intensity, and corporate social responsibility (CSR) are the independent variables. Return on Assets (ROA), which is calculated by dividing net profit by total assets, is a metric used to assess profitability (Lanis & Richardson, 2012). CSR is assessed using the GRI Standard Index and POJK 051/2017, by calculating the proportion of disclosed items relative to the total relevant disclosure items. Capital intensity is measured through the ratio of fixed assets to total assets, reflecting the extent of investment in long-term assets (Sulaeman & Surjandari, 2024). Additionally, firm size is introduced as a moderating variable, measured by the natural logarithm of total assets (Ln Total Assets), to

examine whether company scale influences the relationship between the independent variables and tax avoidance (Dyreng et al., 2008).

All data analyses were performed using EViews software. To evaluate the association between independent and dependent variables, panel data regression utilizing the Fixed Effect Model (FEM) was used for data analysis. The model selection was based on the results of Chow and Hausman tests, indicating FEM as the most appropriate model for this study. Then, by including interaction variables between the independent and moderation variables, Moderated Regression Analysis (MRA) was used to examine the effects of moderation.

#### 4. Results

The results of descriptive statistical analysis of 150 observational data samples from 30 manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period, the following information was obtained:

**Table 1.** Descriptive Statistics

Measurement	Y	X1	X2	X3	Z
Mean	0.233426	0.061572	0.233846	0.493338	28.49790
Median	0.232981	0.046844	0.230769	0.504406	28.27452
Maximum	0.429946	0.363620	0.428571	0.836114	32.04938
Minimum	0.010372	0.001389	0.065934	0.001382	25.04885
Std. Dev.	0.071810	0.055199	0.064757	0.205112	1.553620

Based on Table 1, a very high level of tax compliance is shown by the minimal value of 0.010372 (1%) recorded by PT Alakasa Industrindo Tbk (ALKA) in 2022, according to the descriptive statistical analysis of the dependent variable, tax avoidance. With nearly half of the tax burden avoided, PT Mulia Industrindo Tbk (MLIA) had the highest value of 0.429946 (43%) in 2020, indicating a comparatively high level of tax avoidance. While the standard deviation of 0.071810 indicates considerable variance among companies, the average value of 0.233426 (23%) indicates that manufacturing enterprises in the sample generally maintain a reasonable level of fiscal compliance.

For the first independent variable, profitability measured using ROA, the lowest value was 0.001389, recorded by PT Alkindo Naratama Tbk (ALDO) in 2023, showing a very low level of profit. The highest profitability value of 0.363620 was achieved by PT Mark Dynamics Indonesia Tbk (MARK) in 2021, which reflects excellent financial performance. On average, profitability stood at 0.061572 (6.1%), with a standard deviation of 0.055199, indicating that most manufacturing firms only generate a modest return of around 6% of their total assets, with moderate variation across companies.

PT Solusi Bangun Indonesia Tbk (SMCB) recorded the lowest value of 0.065934 for the CSR disclosure variable, while PT Indocement Tunggal Prakarsa Tbk (INTP) recorded the highest value of 0.428571. With a standard deviation of 0.064757 and an average CSR disclosure of 0.233846, it is evident that many businesses continue to disclose at a moderate or low level, even when others reveal a comparatively high percentage of CSR items.

Regarding capital intensity, the lowest value of 0.001382 was found in PT Alakasa Industrindo Tbk (ALKA) in 2022, reflecting a very small proportion of fixed assets compared to total assets. The highest value of 0.836114 was recorded by PT Solusi Bangun Indonesia Tbk (SMCB) in 2019, indicating a high reliance on fixed assets in operational activities. The average capital intensity value of 0.493338, with a standard deviation of 0.205112, suggests that most manufacturing companies in the sample are capital-intensive, with significant variability between firms.

For the moderating variable, company size, measured using the natural logarithm of total assets, the smallest size was represented by PT Sinergi Inti Plastindo Tbk (ESIP) in 2019 with a value of 25.048846. The largest size was represented by PT Semen Indonesia (Persero) Tbk (SMGR) in 2022, with a value of 32.04938. The average company size was 28.49790, with a standard deviation of 1.553620, indicating that the sample firms generally fall into the medium-to-large category, though notable variation exists across the dataset.

**Table 2.** Chow and Hausman Test

Test	Statistic Test	d.f	Probability	Decision
Chow Test (CEM vs FEM)	F =	2.932049	0.0000	H0 rejected, use FEM
	Chi-square =	82.479165		
Hausman Test (FEM vs REM)	Chi-square =	12.136765	0.0164	H0 rejected, use FEM

According to Table 2, the Chow Test shows a significant probability value ( $p < 0.05$ ), indicating that the Fixed Effect Model (FEM) is more appropriate than the Common Effect Model. Subsequently, the Hausman Test also produces a significant probability value ( $p < 0.05$ ), suggesting that the Fixed Effect Model is preferred over the Random Effect Model. Therefore, based on both tests, the Fixed Effect Model is concluded to be the most suitable model for this study's panel data analysis.

**Table 3.** Hypothesis Test Result

Hypothesis	Variable	Coefficient	Std. Error	T-Statistic	Prob.
H1	Constant	0.278572	0.012040	23.13665	0.0000
	X1	-0.733208	0.180896	-4.053208	0.0001
H2	Constant	0.223654	0.039126	5.716213	0.0000
	X2	0.041790	0.166011	0.251727	0.8017
H3	Constant	0.158785	0.059726	2.658576	0.0089
	X3	0.151299	0.120665	1.253870	0.2123

Based on Table 3, with a probability value of  $0.0001 < 0.05$ , a t-statistic of -4.053208, and a coefficient of -0.733208, the regression results demonstrate that profitability (X1) significantly reduces tax avoidance. This suggests that a company's propensity to engage in tax avoidance decreases with increasing profitability. The findings show that there is no discernible impact of corporate social responsibility (X2) on tax evasion.

The results from Table 2 explicitly support H1, showing that higher profitability significantly reduces tax avoidance, consistent with agency theory and prior studies (Novianto, 2021; Shubita, 2024). In contrast, H2 and H3 are not supported, indicating that CSR disclosure and capital intensity do not significantly influence tax avoidance. This aligns with findings from Du and Li (2023) and Irianto et al. (2017), suggesting that CSR remains symbolic mainly and regulatory constraints limit the effect of asset structure on tax planning.

With a probability of  $0.8017 > 0.05$  and a t-statistic of 0.251727, the coefficient value is 0.041790. This implies that the quantity of CSR disclosure does not directly impact the degree of tax evasion among the manufacturing enterprises in the sample. Likewise, there is no discernible effect of capital intensity (X3) on tax evasion. With a probability value of  $0.2123 > 0.05$  and a t-statistic of 1.253870, the coefficient is 0.151299. This finding suggests that tax avoidance methods within the enterprises

under study are not significantly influenced by the percentage of fixed assets compared to total assets.

**Table 3.** Moderated Regression Analysis

Hypothesis	Variable	Coefficient	Std. Error	t-Statistic	Prob.
H4	C	1.271957	0.997101	1.275655	0.2046
	X1	-5.962734	4.254409	-1.401542	0.1637
	Z	-0.035014	0.035056	-0.998802	0.3200
	X1Z	0.186217	0.150962	1.233541	0.2198
H5	C	2.116425	1.207332	1.752977	0.0822
	X2	-3.879804	3.418691	-1.134880	0.2587
	Z	-0.065594	0.042073	-1.559042	0.1217
	X2Z	0.133878	0.115474	1.159379	0.2487
H6	C	0.379701	1.475161	0.257396	0.7973
	X3	1.953580	2.640139	0.739953	0.4608
	Z	-0.007231	0.051875	-0.139401	0.8894
	X3Z	-0.063769	0.092670	-0.688136	0.4927

According to Table 3, the interaction term between company size and profitability (X1Z) for H4 has a probability value of 0.2198 > 0.05, a t-statistic of 1.233541, and a coefficient of 0.186219. This finding suggests that the association between tax evasion and profitability is not much moderated by firm size. The interaction term between company size and CSR (X2Z) for H5 has a probability value of 0.2487, which is greater than 0.05, a t-statistic of 1.159379, and a coefficient of 0.133878. This suggests that the impact of CSR on tax evasion is not mitigated by corporate size either.

From Table 3, none of the interaction terms are statistically significant, meaning that H4–H6 are not supported. Firm size does not appear to moderate the relationships between profitability, CSR, or capital intensity with tax avoidance. This implies that both small and large firms face similar governance pressures and regulatory scrutiny, which limits the moderating effect of company scale.

Firm size has no bearing on how strongly or weakly CSR efforts and corporate tax evasion behavior are related, even when the coefficient has a positive sign. For H6, the t-statistic is -0.688136, the probability value is 0.4927 > 0.05, and the coefficient for the interaction between capital intensity and firm size (X3Z) is -0.063769. This result demonstrates that firm size does not significantly influence the relationship between capital intensity and tax evasion. The negative coefficient suggests that the relationship between capital intensity and tax avoidance may be less noticeable in larger companies, even though it is not statistically substantiated.

The findings confirm that profitability is the main determinant reducing tax avoidance, while CSR, capital intensity, and firm size have limited or no effect. These interpretations strengthen the connection between empirical results and the theoretical framework, emphasizing the role of agency theory and regulatory oversight in shaping corporate tax behavior.

## 5. Discussion

The results of this study show that higher profitability leads to lower levels of corporate tax avoidance. This finding aligns with Novianto (2021) and Shubita (2024), which argues that highly profitable companies tend to maintain their reputation and avoid legal risks by complying with tax obligations. Within the agency theory perspective, management in firms with strong financial performance is more likely to reduce tax avoidance practices in order to preserve legitimacy in the eyes of principals and regulators. Companies with high profitability are typically

under close observation from tax authorities, media, and investors, prompting them to act more cautiously in their fiscal strategies (Graham et al., 2014). Moreover, these firms generally have sufficient financial capacity to meet tax obligations, lessening their incentive to seek loopholes. Real examples in Indonesia, such as Indofood and Unilever, which consistently appear as top taxpayers, reflect how profitable firms prefer compliance to maintain a positive corporate image. Conversely, the 2019 Adaro Energy case, involving alleged transfer pricing, illustrates that when highly profitable companies engage in tax avoidance, they face public criticism and heightened regulatory pressure. This result reinforces agency theory, showing that transparent and profitable firms have less incentive for opportunistic tax planning. For policymakers, improving firm profitability and monitoring transparency could indirectly enhance tax compliance.

By contrast, the insignificant effect of CSR on tax avoidance supports studies showing that CSR disclosure does not necessarily influence corporate tax behavior (Du & Li, 2023). Within stakeholder theory, these results imply that while firms disclose CSR, it is not automatically tied to fiscal strategies or used to mitigate negative perceptions of tax avoidance. In Indonesia, CSR is often practiced more as a formality or reputational effort rather than embodying deeper ethical commitments. Moreover, CSR and tax functions are organizationally separate, making CSR policies less influential in shaping tax planning. Cases such as Adaro Energy in 2019, as well as global examples like Google and Apple, demonstrate that firms can actively engage in CSR initiatives yet still pursue aggressive tax avoidance. This suggests that CSR remains symbolic and not yet integrated with fiscal responsibility, highlighting the need for stronger linkage between sustainability reporting and tax transparency.

Similarly, capital intensity was not found to significantly affect tax avoidance. This result is supported by Irianto et al. (2017) findings but contrasts with the findings of Urrahmah and Mukti (2021). This result suggests that companies do not consistently use fixed asset proportions and related depreciation as instruments to reduce taxable income. Indonesia's Income Tax Law and Ministry of Finance regulations tightly govern depreciation, limiting opportunities for firms to exploit fixed assets for tax savings. Furthermore, capital-intensive companies often undergo stricter scrutiny by tax authorities and focus more on asset productivity and operational efficiency than on aggressive tax planning. For instance, Semen Indonesia and Indocement are highly asset-intensive, yet this does not automatically translate into higher levels of tax avoidance. These results indicate that regulatory controls outweigh internal asset structures, suggesting stronger tax supervision reduces firms' ability to exploit depreciation gaps.

Finally, firm size was not found to moderate the relationship between profitability, CSR, and capital intensity with tax avoidance. This indicates that the scale of company operations does not necessarily strengthen or weaken these effects. From the perspective of stakeholder theory, both large and small firms may adopt similar tax strategies depending on governance structures, managerial policies, and external pressures (Lestari, 2023). The study comes to the conclusion that, out of the three independent variables examined, only profitability significantly and negatively influences tax evasion. This finding supports the agency theory's contention that profitable businesses are more open and scrutinized, which lowers the possibility that they will engage in tax evasion. In contrast, tax evasion in Indonesian manufacturing companies was not significantly influenced by fixed asset ownership or CSR initiatives.

## **6. Conclusion**

This study investigated the determinants of tax avoidance in manufacturing companies listed on the Indonesia Stock Exchange from 2019–2023, focusing on

profitability, corporate social responsibility (CSR), and capital intensity, with firm size as a moderating variable. The results confirm H1, showing that profitability significantly and negatively affects tax avoidance more profitable firms tend to comply with tax regulations to maintain reputation and legitimacy. However, H2 and H3 were not supported, as CSR and capital intensity did not show significant effects on tax avoidance. This implies that CSR disclosure and asset structure have yet to play a meaningful role in influencing fiscal behavior in Indonesian manufacturing firms. Likewise, H4–H6 were not supported, indicating that firm size does not moderate the relationships among the independent variables and tax avoidance. This suggests that company scale does not necessarily strengthen or weaken fiscal decision-making behavior.

Theoretically, these findings reinforce agency theory by showing that managerial incentives in profitable firms encourage transparent tax practices, while stakeholder theory is less observable in CSR-related tax behavior. Practically, the results highlight the importance of enhancing profitability and governance transparency to promote voluntary tax compliance. Policymakers should focus on developing incentive schemes and stricter disclosure requirements to integrate CSR with fiscal accountability.

This study is limited to manufacturing firms and a five-year observation period, which may constrain the generalizability of findings. Future research should extend the sample to other sectors, include variables such as leverage, audit quality, or managerial ownership, and consider qualitative or mixed-method approaches to capture behavioral and governance aspects of tax avoidance more comprehensively.

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***Data Disclosure Statement***

The data that support the findings of this study are available from the corresponding author upon reasonable request.



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