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The Effect of Independent Commissioner's Moderation of CSR and Institutional Ownership on Tax Avoidance

Baiq Fitri Arianti
Accounting Undergraduate Study Program, Faculty of Economics, Universitas Pamulang, Indonesia
email: akt.fitri1983@gmail.com

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Abstract: This research aims at providing empirical evidence of the effects of corporate social responsibility (CSR) and institutional ownership on tax avoidance with independent commissioner as the moderator. The study's population is 66 mining and agricultural companies listed in the Indonesia Stock Exchange from 2013 - 2017. Employing a purposive sampling technique, 10 mining and agricultural companies are taken as the samples out of 50 annual reports from 2013 - 2017 observed. The research employs the Moderated Regression Analysis (MRA) as the data analysis technique. The research results indicate that corporate social responsibility (CSR) variable does not influence tax avoidance and institutional ownership variable influences tax avoidance. Independent commissioner may weaken the effect of corporate social responsibility (CSR) on tax avoidance and strengthen the effect of institutional ownership on tax avoidance. The implication of this research is to examine the importance of tax payment and expectedly increase the community's awareness, especially related parties, of the obligation to pay their taxes appropriately and, with the research's results, the public is expected to be aware of the importance of paying taxes, especially large companies, so as not to take tax avoidance measures for Indonesia's improved and stable economy.

Keywords: Corporate Social Responsibility, Institutional Ownership, Tax Avoidance, Independent Commissioner

INTRODUCTION

Tax is the most potential source of state revenue occupying the highest percentage in the State Budget (APBN) compared with any other sources. In this regard, the government, particularly the Directorate General of Taxes (DJP), is expected to optimize state revenue through its functions in driving sustainable and equitable economic growth. Companies also tend to search for a way to reduce the amount of tax they have to pay (Ngadiman & Puspitasari, 2014). To reduce the amount of tax they should pay, company may reduce the tax value in compliance with prevailing tax regulation (tax avoidance) or reduce the tax value by committing unlawful act (tax fraud) (Maraya & Yendrawati, 2016).

The existing field facts show that until now state tax-revenue is not maximal yet. Minister of Finance, Sri Mulyani, acknowledges that the trend of tax receipt in Indonesia has declined. Current realization of tax receipt is lower than target state budget (Apriliyana & Suryarini, 2018).

Table 1. Realization of State Revenue in 2016 – 2018 (in Trillion Rupiahs)

Year	APBN Target	APBN Realization	Decline	Percentage
2016	Rp 1,355	Rp 1,141.45	Rp 213.55	118.7 %
2017	Rp 1,284	Rp 770,7	Rp 513.3	166.6%
2018	Rp 1,350	Rp 1,424.00	Rp 74	94.8 %

Source: Ministry of Finance (2019)

Table 1 above shows that the declining amount of realization indicates that tax receipt is not optimal yet, causing a presumption that the tax payers avoid taxes.

In addition, tax also contributes the highest proportion to the state revenue in APBN. However, Indonesia is classified into a state with mid-lower revenue with an average tax ratio of 19% -26% from Gross Domestic Product (GDP). The Budget Analysis Bureau and Secretary General of Implementation of DPR-RI state that according to the data issued by the National Public Procurement Agency (LKPP), the Indonesia's tax ratio increases in the period 2002-2012 from 11.5% to 13.3% in 2009. The tax ratio declines to 11.1% in 2009 and consistently increases to 11.9% in the period 2011-2012. IMF explains that Indonesia's actual tax revenue relatively to GDP is the lowest among the G-20 countries, including other developing countries. Sri Mulyani, Minister of Finance of the Republic of Indonesia, explains that Indonesia's tax ratio is still lower than 11% in 2016, the world's lowest tax ratio (Aini & Sutejo, 2017).

Based on the foregoing phenomena, there is clearly an indication of tax avoidance by individual and corporation taxpayers. However, this research focuses on corporation taxpayer. According to the research conducted by Apriliyana & Suryarini (2018), companies in Indonesia indicate that they avoid tax, as may be observed with the existence of tax amnesty program policy starting from July 1, 2016 to March 31, 2017. Meanwhile, according to the research conducted by Lin, Cheng & Zhang (2015), companies tend to view tax payment as an important social obligation in regions without advanced market economy, law infrastructure and lacking professional mediator, unethical awareness of and commitment to social obligation, lack of trust in the government, and consequence of low cost from customer. However, these companies may be involved more in other low cost CSR activities in balancing negative view related to their aggressive tax reporting.

Companies' good corporate governance mechanism is directly proportional to their compliance with fulfillment of tax obligation (Sandy & Lukviarman, 2015). Another form of the implementation of the Good Corporate Governance (GCG) concept is to apply the Corporate Social Responsibility (CSR). Corporate social responsibility is a phenomenon of company's strategy to accommodate its stakeholders' needs and interests (Maraya & Yendrawati, 2016).

Bigger proportion of independent commissioners in the structure of board of commissioners will present better supervision and may limit management's chances of fraud (Raharjo, 2014). Independent commissioner in a company may also give instructions and directions in managing the company and formulating corporate strategy better, including in determining policies related to effective tax rate to be paid by company. This is different from the research conducted by Meila & Devi (2018) which states that independent commissioner significantly influences tax avoidance.

Institutional ownership indicates a comparative ownership. Institutional ownership in a company will drive more optimal supervision of management's performance, since shareholding represents a source of power which may be exercised in support of the management or otherwise. The higher the investment value placed in an organization, the higher the monitoring system in the organization is, thus institutional ownership influences tax avoidance (Diantari & Ulupui, 2016).

Company's involvement in tax avoidance practice becomes something common and legal to be performed by companies, but is not desired by the government (Budhi & Noviari, 2017). The government expect companies to pay their taxes without tax avoidance mechanism. Company's effort to optimize corporate profit remains company's reason for performing tax avoidance, which is deemed bad for the society. Many CSR researches on tax avoidance have been conducted, such as that conducted by Ningrum et al., (2018) which discusses relationship between CSR disclosure on tax avoidance and ETR (Effective Tax Rates) proxy. Another research conducted by Muzakki (2015) shows that Corporate Social

Responsibility (CSR) significantly influences tax avoidance. Higher disclosure of Corporate Social Responsibility (CSR) will reduce company's tax avoidance practice. Therefore, the higher the CSR disclosure, the higher the tax avoidance is conducted. In the context of Indonesia, there is no research conducted related to CSR and institutional ownership on tax avoidance, especially in connection with independent commissioner. The indication of tax avoidance practice in foreign investment company sector, Indonesia's low tax ratio compared to that of some ASEAN countries and mining sector's low tax ratio compared to the national tax ratio as well as the tax audit findings on some mining companies leading to tax deficiency notice are phenomena which represent tax avoidance attempts (Hidayat et al., 2016).

From the perspective of psychological theory, namely the theory of planned behavior, in relation to tax avoidance, companies should be willing to pay their taxes, thus this variable also influences the three variables: CSR, institutional ownership and independent commissioner. Meanwhile, according to the Agency Theory and the stakeholder theory, in relation to CSR, independent commissioner and institutional ownership on tax avoidance, every company should perform their activities not only for the sake of shareholders, but also all stakeholders, including the government through compliance with tax obligation and non-performance of tax avoidance.

The phenomena and research above encourage the author to perform a research on the topic of tax avoidance and use the Effective Taxes Rate (ETR) proxy. ETR is the effectiveness of corporate tax payment which reflects the amount of tax avoidance on the calculated tax rate on corporate profit. ETR represents the percentage of company's actual tax payment from its commercial profit. The lower the ETR value, the higher the tendency of a company to perform tax avoidance. This research is conducted aiming at empirically describing and explaining the influence of CSR and institutional ownership on tax avoidance as well as the influence of independent commissioner.

This research is regarding the moderation effect of independent commissioner of CSR and institutional ownership on tax avoidance and supports the research conducted by Amalia (2019) proving that there is positive correlation of CSR disclosure with tax avoidance, differently from the researches conducted by Jamei (2017), Gulzar et al., (2018) and Apriliyana & Suryarini (2018) showing that there is no significantly correlation between the number of board members, proportion of non-assigned members, institutional ownership and tax avoidance or institutional ownership and CSR quality does not influence corporate tax avoidance with tax rate as the indicator.

LITERATURE REVIEW AND HYPOTHESES

CSR is important to company, and the Government, serving as the regulator, is one of company's stakeholders. Therefore, company should regards the government's interest. The theory of planned behavior in relation to tax avoidance behavior in this research states that companies are to abide by and comply with all regulations established by the government, fulfill tax payment and not perform tax avoidance (Ningrum et al., 2018). The agency theory in relation to institutional ownership also separates management and shareholders. The purpose of this separation is for effective and efficient corporate management in employing the best agent to manage the company. Meanwhile, according to the Stakeholder Theory in relation to Corporate Social Responsibility, it is a form of corporate social responsibility to all of its stakeholders. Therefore, Corporate Social Responsibility is important to company.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a mechanism in company aiming at integrating company's concern about or care of surrounding environments and company's interaction with stakeholders more than social responsibility, particularly in law. Corporate social responsibility is based on the idea that company does not only have economic and legal responsibilities, but also responsibilities to other concerned parties (stakeholders) (Purnomo & Widianingsih, 2012). In Indonesia, corporate social responsibility is regulated in Law No. 40 of 2007 on Limited Liability Company article 74 that "Company operating in business activities in the field of and/or related to natural resources is obliged to perform social and environmental responsibilities".

Institutional Ownership

Institutional Ownership is institution with big interest in share investment in a company (Laily, 2017). Existing institutional ownership in a company results in supervision by the institution with shareholding in the company by monitoring the management's performance, including tax avoidance practice.

The research conducted by Ngadiman & Puspitasari (2014) states that institutional ownership is shareholding percentage by institution party. Dewi & Jati (2014) supportively argue that institutional ownership is the party to monitor company with big institutional ownership (more than 5%), identifying its high capability to monitor the management. The institution may be in the form foundation, bank, insurance company, investment company, pension fund, limited liability company (PT) and other institution. Existing institutional ownership in a company will encourage more optimal supervision over the management's performance. Because of corporate responsibility to shareholders, institutional owner has incentive to ensure that corporate management makes decision which will maximize shareholder's welfare.

Independent Commissioner

Independent commissioner is defined as an individual unaffiliated in any regards to controlling shareholders, unaffiliated to any director or board of commissioners, and not assuming director position in related company. In Indonesia Stock Exchange, there is a regulation that a company must have independent commissioners at least 30% of the board of commissioners, thus the supervision may be performed in such a way (Annisa & Kurniasih, 2012).

Board of commissioners may consist of one or more person. Board of commissioners is an assembly, that in case the board of commissioners consists of more than 1 (one) member, each member of board of commissioners cannot act individually, but under board of commissioners' decision. The number of members of board of commissioners may be regulated in company's Articles of Association. In addition, company may regulate 1 (one) or more independent commissioners and 1 (one) delegated commissioner.

Tax Avoidance

Laily (2017) defines tax avoidance as taxpayer's act to unclearly violate the law, although it is sometimes clearly interpreted as law not according to law makers' purposes and objectives. Tax Avoidance is a tax avoidance activity while abiding by prevailing rules, which means that tax avoidance is performed under corridor of tax laws and regulations. Tax avoidance or tax resistance is a constraint in tax collection, causing state treasury's reduced revenue (Bachtiar, 2015). Tax avoidance is company's attempt to minimize the amount of tax it have to pay by lowering corporate profit.

Tax avoidance means tax avoidance attempt legally and safely performed by taxpayer since it is not contradictory to tax provisions, in which the method and technique used tends to utilize existing weaknesses (grey area) in tax laws and regulations, in order to minimize the amount of payable tax (Agustina & Aris, 2017). Company which performs tax avoidance is deemed socially irresponsible. The correlation between independent variable (Corporate Social Responsibility and institutional ownership), independent commissioner moderation variable and dependent variable is that tax avoidance may be described in the following research model:

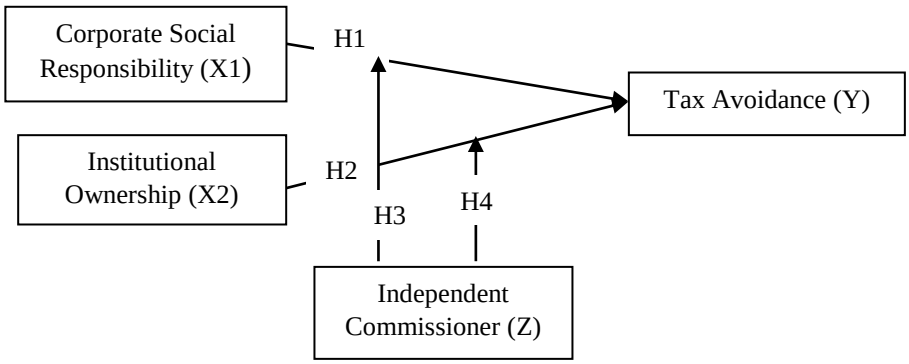

Figure 1. The Correlation between Independent and Dependent Variable

Corporate Social Responsibility on Tax Avoidance

CSR is a form of company's responsibility to all of its stakeholders. Tax is one form of corporate social responsibilities to stakeholders through the government. When company performs tax avoidance, its reputation will be prejudiced in the society's and stakeholders' perspective. Company's decision to reduce its tax rate or perform tax avoidance is influenced by its attitude towards CSR. Company performs CSR for the society's positive support in maintaining its survival. Company is demanded to perform its activities pursuant to prevailing values and norms in the society. Company with good reputation will maintain its reputation by performing responsibility for its activities and not performing tax avoidance practice or in case company is involved in tax avoidance, it is socially irresponsible. This shows that the more a company discloses its CSR, the lower its tax avoidance level is. The research conducted by Ningrum et al., (2018) shows correlation or CSR with tax avoidance, in which the higher a company's CSR disclosure level, the lower its tax avoidance level is. Based on the explanation, this research takes the following hypothesis:

H_1: Corporate social responsibility influences tax avoidance

Institutional Ownership on Tax Avoidance

Institutional ownership is shareholding by the government, foreign investor, insurance company or bank with bigger role in supervision over corporate management (Dewi & Jati, 2014). Corporate management, besides fulfilling company's interest, must also consider institutional parties' interest. This is supported by the stakeholder theory, that the existence of company is determined by stakeholders. Company will consider shareholders' interest because of company management's moral commitment to stakeholders, and this moral commitment will encourage company to formulate corporate strategy (taking stakeholders' interest into account), in which corporate strategy will influence corporate financial performance (Indriawati, 2017). Tax avoidance is an example of strategies used by corporate management in improving corporate profit. Institutional ownership should be able to prevent corporate management from performing tax avoidance since it plays an important role in controlling and influencing managers, but pressure from institutional parties not to fulfill its interest may cause corporate management to perform tax avoidance to improve the profit. This research supports the research conducted by Mahdi & Fariba (2013) that institutional ownership positively influences tax avoidance. Based on the explanation, this research takes the following hypothesis:

H_2: Institutional Ownership influences tax avoidance

Independent Commissioner Moderates Corporate Social Responsibility on Tax Avoidance

Independent Commissioner is part of Board of Commissioners derived from independent party (unaffiliated to company). There is a tendency that the higher the ratio of independent commissioners, the

lower the tax avoidance is performed by corporate management. Bapepam regulation requires the proportion of independent commissioner of only 30%. The more the number of independent commissioners, the higher its influence in supervision over management's performance is. This supervision may reduce any arising agency issues like management's opportunistic attitude towards tax burden reduction. With stronger supervision, management will more carefully make decision and transparently operate the company, thus tax avoidance may be minimized for the company to maintain its survival.

The research conducted by Simorangkir et al., (2018) states that it is important for independent commissioner to monitor corporate behaviors or attitudes and decisions in consideration of the needs of the society and in compliance with prevailing regulations where company operates its business. Therefore, independent commissioner must be able to monitor management's attitudes, behaviors, decisions and acts so that they will not perform any act which may threaten company's legitimacy, such as tax aggressiveness. This research supports the research conducted by Lanis & Richardson (2012) wjocj finds that board of independent commissioners is able to reduce tax avoidance. Company which performs tax avoidance is deemed socially irresponsible and in contrary to the Corporate Social Responsibility principle. Based on the explanation, this research takes the following hypothesis:

H_3: Independent commissioner may moderate the influence of corporate social responsibility on tax avoidance

Independent Commissioner Moderates Institutional ownership on Tax Avoidance

Board of independent commissioner is member of commissioners derived from outside the company and unaffiliated to controlling shareholder, member of directors and other board of commissioner (Diantari & Ulupui, 2016). The agency theory states that the higher the number of board of independent commissioners, the better they supervise and control executors' acts and directors' acts, with regard to opportunistic behavior. Institutional Ownership will influence corporate management's tax avoidance policy. In case of the higher the concentration of institutional short-term shareholding, the higher the tax avoidance is, but the higher the concentration of long-term shareholding, the more reduced the tax avoidance policy is. On the contrary, bigger proportion of Independent Commissioner may improve shareholder's shareholders' performance and wealth (Santoso & Muid, 2014). The existence of board of independent commissioner strengthens correlation between institutional ownership and tax avoidance, thus it may reduce tax avoidance performed by corporate management (Kholbadalov, 2012). Based on the explanation, this research takes the following hypothesis:

H_4: Independent commissioner may moderate the influence of institutional ownership on tax avoidance

METHODS

This quantitative research employs a descriptive method. The research location is mining and agricultural companies listed at the Indonesia Stock Exchange (BEI) in the period 2013 – 2017 (5 years) obtained by accessing BEI website (www.idx.co.id). The research aims at testing the influence of CSR and institutional ownership on tax avoidance with independent commissioner as the moderator. The population is 66 mining and agricultural companies but not all of them are taken as the research objects in adaptation to the sampling method, purposive sampling method, with 10 companies are meeting certain criteria pursuant to the sampling method, which are:

Table 2. Sampling Criteria

Criteria	Samples meeting the criteria
Manufacturing companies registered at BEI	66
Companies which issues complete annual report from 2013-2017	(20)
Companies which have not suffer loss during observation	(10)
Companies with annual report containing information (data) needed in the research	(26)
Total observation	10

In control of the influence of independent variable (CSR) on dependent variable (tax avoidance) not to be influenced by any other non-studied factors and in control of the influence of moderating variable (independent commissioner), this research employs each variable so as to strengthen the research model, with an explanation that Tax Avoidance is any efforts performed to reduce tax burden with comparison between tax burden and profit before tax as the indicator (Dyreng et al., 2017). Corporate Social Responsibility is company's commitment to participating in sustainable economic development in improving the quality of life and environment beneficial to the company itself and the society with an indicator that in case of CSR disclosure, the score is 1 and if otherwise, the score is 0 (Apriliyana, 2018; Jessica, 2014). Institutional ownership is the number of shareholders from out of the company, particularly institution, either financial or non-financial (Putra et al., 2018) with comparison between the amount of institutional shares and the amount of issued shares as the indicator (Dewi & Jati, 2014; Diantri & Ulupui, 2016; Putra et al., 2018). Independent commissioner variable is defined as individual unaffiliated in any regards to controlling shareholder, without affiliated relationship with directors or board of commissioners, not assuming position as director of a company related to measurement instrument, which is comparison between the number of independent commissioners and number of all members of board of commissioners (Annisa & Kurniasih, 2012).

This research employs Moderate Regression Analysis (MRA) to analyze the data and an interaction test instrument of special application of multiple linear regression, of which regression equation contains interaction element (two or more multiplication of independent variable). The interaction test is conducted by multiplying the variables hypothesized as moderating variable by the independent variable. One of the characteristics to note in the calculation in regression analysis is the moderating effect or interaction effect, which is the existing condition when a variable influences the form of relationship between other independent variable and dependent variable (Sugiyono, 2016)**.**

RESULTS

Hypothesis test is conducted using the Moderated Regression Analysis model or interaction test in examining whether a variable taken as the moderation variable may strengthen or otherwise (weaken) the relationship between independent variable and dependent variable. Below is the result of moderation test of each variable.

Table 3. Result of Moderated Regression Analysis Test

Variable	Unstandardized coefficient	Standardized coefficient	Sig
	B	**Beta**	
CSR	0.453	0.557	0.360
Institutional Ownership	1.206	2.154	0.025
Independent Commissioner	4.392	2.324	0.001
CSR* Independent Commissioner	0.000	-1.165	0.201
IO* Independent Commissioner	0.000	-3.953	0.005

In the result of MRA on interaction above, the significance value of t test of CSR variable is 0.360. This value is higher than 0.05, showing that CSR variable does not influence tax avoidance and institutional ownership variable is 0.025. The value is lower than 0.05, showing that institutional ownership variable influences tax avoidance. The interaction value test result shows that moderating variable X1*Z has t count value of -1.298 > t table 2.000 with significance level of 0.201, higher than 0.05. This means that independent commissioner variable is moderation variable which weakens the relationship of CSR variable with tax avoidance. Furthermore, X2*Z has t count of -2.924 < t table 2.000 with significance level of 0.005, lower than 0.05. This means that independent commissioner variable is moderation variable which strengthens the relationship of institutional ownership variable with tax avoidance. The result may be observed in the following table:

Table 3. Recapitulation of Data Analysis Result

Hypothesis	t_{hitung}	Criteria	Interpretation	Conclusion
CSR (H_1)	0.925	$t_{hitung} < t_{table}$ = 0.925 < 2.000, Level over 5%	Hypothesis is rejected	CSR does not influence Tax Avoidance
IO (H_2)	2.313	$t_{hitung} \geq t_{table}$ = 2.313 ≥ 2.000, Level 5%	Hypothesis is accepted	Institutional ownership influence tax avoidance
CSR* Independent Commissioner (H_3)	-1.298	$t_{hitung} < t_{table}$ = -1.298 < 2.000, Level over 5%	Hypothesis is rejected	Independent commissioner weakens the influence of CSR on tax avoidance
IO* Independent Commissioner (H_4)	-2.924	$t_{hitung} < t_{table}$ = -2.924 < 2.000, Level 5%	Hypothesis is accepted	Independent commissioner strengthen the influence of institutional ownership on tax avoidance

DISCUSSION

CSR's Influence on Tax Avoidance

The result of the first hypothesis test (H_1) shows that CSR does not significantly influences tax avoidance. The lower the CSR value, the lower the ETR value is, in which lower ETR value shows high tax avoidance level. This explains that the lower a company performs CSR activity, the lower its responsibility in performing its tax obligations is, or the lower a company's CSR, the higher it performs tax avoidance. CSR is the form of accountability to the society (environment, customer, employee, supplier and other

community). Tax compliance is the form of taxpayer's accountability to the government. CSR is negatively correlated with tax compliance. Therefore, CSR is not inversely proportional to tax avoidance.

This research result supports the research conducted by Permata & Adiwibowo (2017), that companies with socially irresponsible CSR activity has higher involvement in tax avoidance. Meanwhile, other researches show that CSR variable does not significantly influences tax avoidance practice proxied with ETR. Therefore, the first hypothesis is unacceptable (rejected) (H Lionita & Kusbandiyah, 2017; Ayufa et al., 2018). This shows that the extent of CSR disclosure a company makes in its annual report does not influence its tax avoidance practice, which means that in case CSR disclosure level is higher, the company does not necessarily perform tax avoidance. In addition, CSR has become an obligation in some companies and CSR application positively influences company, environment and surrounding society, helping company smoothen its operational processes and free of any disturbance.

Institutional Ownership's Influence on Tax Avoidance

The result of the second hypothesis test (H_2) shows that institutional ownership significantly influences tax avoidance. This research result conforms to the agency theory which explains there is relationship between shareholders (principal) and managers (agent), in correlation with tax avoidance's influence on institutional ownership, when the relationship between shareholders and managers in a company is good, the company will not perform tax avoidance. On the contrary, when there is bad relationship in the company or there is asymmetry of information between shareholders and managers, it will cause tax avoidance act. This research result conforms to the research conducted by Prasetyo & Bambang (2018), that institutional ownership influences tax avoidance. In addition, the research conducted by Meila (2018) shows that institutional ownership influences tax avoidance, which means that institutional ownership is important in improving and optimizing supervision, since it is deemed able to control any decision made by managers effectively. With higher institutional ownership, the better the supervision over manager is and it may reduce conflict of interest between the management, thus agency issue is reduced, and reduce the chance of tax avoidance or the higher the institutional ownership, the stronger the control of external party over the company is, allowing tax avoidance practice.

Independent Commissioner Weakens Corporate Social Responsibility on Tax Avoidance

The result of the third hypothesis test (H_3) may be concluded that board of independent commissioner cannot moderate or weaken CSR's influence on tax avoidance. Board of independent commissioner is derived from out of the management, thus board of independent commissioner tends not to be influenced by management's act, but they tend to encourage corporate management to disclose wider information to shareholders and stakeholders. Board of independent commissioner plays a role in supervising management's act in CSR disclosure. With board of commissioner's supervision, CSR disclosure may be improved appropriately without certain purpose to be achieved by the management. This research supports the research conducted by Christina et al., (2019), that independent commissioner cannot moderate the relationship between Corporate Social Responsibility and Tax Avoidance, which means that when independent commissioner finds improved CSR disclosure, tax avoidance practice will be reduced, thus bigger proportion of commissioners in company may prevent tax avoidance practice.

Independent Commissioner Strengthen Institutional Ownership's Influence on Tax Avoidance

The result of the fourth hypothesis test (H_4) may be concluded that independent commissioner may strengthen institutional ownership's influence on tax avoidance. This hypothesis supports the agency theory, that institutional ownership has the capability to monitor the management effectively, as shown with the amount of shares owned by institutional investor, which encourages the management to focus their concern more on corporate performance, reducing opportunistic behavior and selfish behavior (Oktaviani, 2019). In case shareholding cannot become a monitoring mechanism over corporate managers, causing it unable to reduce the management's opportunistic behavior, it is likely that the institutional party does not perform its supervisory duty well. Board of independent commissioner is a part derived from out of the management, board of commissioners tends not to be influenced by management's act, but they tend to

encourage corporate management to disclose CSR more widely to shareholders (Prasetyo & Bambang, 2018). The existence of board of independent commissioner may reduce tax avoidance practice and is expected to strengthen the relationship between institutional ownership and tax avoidance which will thus reduce tax avoidance act by the management. Therefore, it is likely that institutional party's supervision in prevention of tax avoidance does not run well as expected, since institutional ownership is of shares of minority.

CONCLUSION

Based on the result of data analysis and discussion as described above, we may conclude that CSR does not influence tax avoidance. The second hypothesis shows that institutional ownership influences tax avoidance. Furthermore, independent commissioner weakens CSR's influence on tax avoidance and independent commissioner may strengthen institutional ownership's influence on tax avoidance. This research is still bound by limitation and needs development in further research, that this research only employs 4 variables, namely CSR, institutional ownership, independent commissioner and tax avoidance variables, is conducted in a limited period from 2013-2017 and is only conducted with companies operating in manufacturing sector only. Besides, the tax rate of each of sample companies is not known, thus the researcher cannot categorize whether or not the sample companies perform tax avoidance. In addition, CSR disclosure is also not classified based on indicator group. Further research is expected to take longer period and classify CSR disclosure based on indicator group, thus it may identify which indicator group dominantly reduces tax avoidance. In consideration of some existing limitations, the research suggests further research to add other variables to detect company's tax avoidance activity, such as audit quality, GCG mechanism and others and add other measurement model approach to proxy tax avoidance act measurement to strengthen further research's findings. Based on the research result, the research implication is that it has social impact of examining the importance of tax payment and is expected to enhance the society's willingness, especially related parties, to pay their tax in the appropriate amount, which will have impact on Indonesia's economy. In economic perspective, the research impact is that it discusses tax, especially tax avoidance which causes tax receipt to never reach target rate. With this research, the society is expected to be aware of the importance of tax payment, especially big parties, so that they will not perform such act, for Indonesia's stable economy and its improvement and achieved target, since tax is the biggest support of the state revenue used for the development and the people's welfare.

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