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8 ISSN Print: 0976-6308 and ISSN Online: 0976-6316 © IAEME Publication DISCLOSURE OF

3**CORPORATE SOCIAL RESPONSIBILITY (CSR) AS A** MEANS **OF** LEGITIMACY: **IT'**

S IMPACT ON THE LEVEL OF TAX AGRRESIVENESS Dwi Ratmono* and Agung Juliarto Department of

Accounting, Universitas Diponegoro, Indonesia *Corresponding Author, dwi.ratmono2@gmail.com ABSTRACT Based on the argument of legitimacy theory, there are allegations that companies use

17**disclosure of** corporate **social responsibility** (CSR) **in order to** maintain **the** image in **the**

public eye.

16**This study aims to examine the** effect **of** CSR disclosure **on tax aggressiveness.**

The hypothesis proposed is that disclosure of CSR has a negative effect on tax aggressiveness in order to maintain its image. This study aims to examine the generalization of the findings of Lanis & Richardson (2012) in the Indonesian context and explain the inconsistency of the research findings of Jessica & Toly (2014) and Wahyudi (2015) which are different from the findings of the research Lanis and Richardson (2012), Issam et al. (2015), Mgbame et al. (2017) and Suprimarini & Suprasto (2017). The sample consisted of

24**non-financial companies listed on the** IDX **in**

2015-2017. Statistical testing is done by using ordinary least squares (OLS) regression analysis techniques. The results showed

5**that the** lower **the level of CSR disclosure of a** company, **the** higher **the level of tax aggressiveness.**

These results provide empirical support for the legitimacy theory that companies always try to get support from their institutional environment. Key words: CSR disclosure; tax aggressiveness; legitimacy; institutional. Cite this Article: Dwi Ratmono and Agung Juliarto, Disclosure of

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s Impact on the Level of Tax Agrresiveness.

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issues.asp?JType=IJCIET&VType=10&IType=8 1. INTRODUCTION There are different perspectives on taxes between the government and the management of the company. For the government, taxes paid by companies are one of the main sources of income. Conversely, for company management, taxes are costs that will reduce income. This difference causes the purpose of the company as a taxpayer to conflict with the government's goal to maximize revenue from the tax sector. Various company management efforts specifically designed to minimize tax burdens aggressively are a common phenomenon throughout the country. Tax aggressiveness can be defined as all the efforts made by management to reduce the amount of tax burden that should be paid by the company [1]. Meanwhile, [2] define tax aggressiveness as an act of engineering taxable income designed through tax planning actions using either legal (tax avoidance) or illegal (tax evasion) methods. Companies that make various efforts included in the category of tax aggressiveness can cause negative images in the eyes of the public. Tax aggressiveness in the view of society is an activity that is not socially responsible and illegitimate [3]. The company's actions in terms of minimizing tax payments are not in accordance with the views and expectations of the community because taxes paid by companies have important implications for the community in terms of funding public goods such as education, health, infrastructure, national defense, and so on.

11**On the other hand, corporate social responsibility** (CSR) **is** seen as **a**

corporate strategic action in order to obtain a good image in the eyes of the community [4,5,6], CSR activities are considered a key factor in the success and survival of the company because in essence the activities of the company are inseparable from social contracts with the community [4,5,6]. In order to obtain a good image, the company showed the public, including by disclosing it in its annual report, that they had done a lot of CSR activities. Companies that

4**disclose a lot of information about their** CSR **activities**

hope to gain legitimacy from the public that their activities are in line with community expectations. By disclosing CSR activities, companies try to show that they make important contributions to society. To maintain the legitimacy gained from these CSR activities, companies try not to carry out activities, including tax aggressiveness, which can damage their image that has been good in the eyes of the public. According to the argument of the legitimacy theory, there is a negative relationship between CSR disclosure and tax aggressiveness [7,8,1]. The more disclosure of corporate CSR, the smaller the level of tax aggressiveness. [1] have empirically tested the argument for legitimacy theory

9**by examining the effect of** CSR disclosure **on tax aggressiveness.**

The results support the legitimacy theory

28**that companies that have** a high **level of CSR disclosure tend to have** a **lower** level **of**

tax aggressiveness. But it is still a research question whether the findings of [1] for a sample of companies in

Australia can be generalized to other contexts. This is because each country applies different tax regulations. Apart from the differences in taxation regulations, the external validity of the research results of [1] needs to be further examined in the context of the country with different institutional environments. The purpose of this study is to test the generalization of the findings of [1] about the effect of CSR disclosure on the level of corporate tax aggressiveness. Most previous CSR research and tax aggressiveness are carried out in the common law context so that its generalization in the Indonesian context is still an important research question [6]. The difference in institutional context, namely Indonesia, including the cluster of law code countries with characteristics, among others [7]: (a) a weak level of investor protection, (b) concentrated ownership, (c) the company's main funding source from bank loans compared to the capital market, and (d) a high level of earnings management. This might limit the generalization of CSR research findings and previous tax aggressiveness such as [1] into the Indonesian context. The characteristics of law code countries in the form of

18**a weak level of investor protection,** concentrated ownership **and** a **high**

level of earnings management can lead to opportunistic behavior from management to use CSR activities as a cover to cover their tax aggressive activities.

9**In addition to** testing generalizations, **this study also aims to provide**

empirical evidence in order to explain the inconsistencies of previous studies. The results of the study by [1] and [8] provide empirical evidence that supports the legitimacy theory that CSR disclosure

22**has a negative effect on CSR disclosure.** Meanwhile, [11] **and**

[12] found evidence that CSR has no influence on tax aggressiveness. Whereas, [13] actually shows empirical evidence that CSR activities and the level of tax payments are substitutions rather than complementary. Companies that have high CSR activities actually pay lower taxes than other companies. Conversely, the results of research by [14] shows that companies with low CSR activities are even more aggressive in tax avoidance. The contribution of this study is as follows. First, this study contributes to empirically explaining the inconsistency of previous research findings that examine the relationship of CSR

7**and the level of tax aggressiveness** as described **in the**

research gap above. Second, this research provides an empirical evidence of alleged CSR activities as a cover mask [15]. For example, the Enron Company that carried out the biggest profit manipulation scandal in the history of the United States in 2000 turned out to carry out CSR activities intensively [16]. This evidence indicates the use of CSR as a means to deceive or mislead stakeholders from activities violating the company's business ethics, including tax aggressiveness. Second, in the case of Indonesia, there is still limited research that tests whether CSR activities are used to cover violations of business ethics such as tax aggressiveness. Research in Indonesia that examines CSR relationships and the level of tax aggressiveness include [11], [12], and [10]. However, empirical evidence from research in Indonesia is also still contradictory. [10] provide empirical evidence that supports the legitimacy theory that CSR disclosure

22**has a negative effect on CSR disclosure.** Meanwhile, [11] **and**

[12] found evidence that CSR has no influence on tax aggressiveness. This research contributes to providing empirical evidence so that it can be a source of information for stakeholders in evaluating corporate CSR disclosures. 2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

4**Legitimacy theory is based on the** phenomenon **of social contract**

between an organization and society, where an organization's goals are needed which should be in harmony with the values that exist in a society [17]. According to this theory, the organization's actions must have activities and performance that can be accepted by the community. According to [17], the legitimacy obtained by the organization when in a condition or status when the value system of an entity is congruent with a

14**larger social** value **system** in **which the entity is** one **part** of it. **When a disparity**

occurs

1**between the two systems, there is a threat to the legitimacy** of **the**

community. CSR activities are carried out by the company to show that the company's value system is aligned with the social system in which the company operates. Based on this theory, it can be proposed the argument that CSR disclosure is carried out by companies to gain legitimacy from the communities where the company is located [13]. This legitimacy causes the company to avoid things that are not desirable and can increase the value of the company. Legitimacy theory states that organizations not only pay attention to investor rights but also pay attention to public rights. CSR activities carried out by the company and disclosed in its annual report can be seen as an attempt to meet the expectations of the community towards the company. Companies that try to harmonize company activities with norms that exist in society can be considered legitimate in the community and can continue to run their business. Disclosure of CSR has attracted much accounting research for two decades [6]. [17]

1**define CSR disclosure as** a **process of providing information designed to** demonstrate **social accountability.**

The disclosure of CSR in an annual report by a company is actually not mandatory but

21**as a form of** corporate social **responsibility to the** community, a majority **company**

conducts CSR disclosures in its annual report. Disclosure of

4**CSR is the process of communicating the social and environmental** impacts **of** the organization's **economic**

activities towards specific groups that have an interest in and to the community as a whole. In addition, according to [18] states that

1**CSR disclosure is** seen **as a means** used **by** company **management**

in interacting with the wider community to influence perceptions.

1**Tax aggressiveness is a** corporate **strategy that is** not in line **with community expectations**

[3, 9]. Corporate tax payments should have implications for society and society because they form an important function in helping

10**fund the provision of public goods in society**

including things

1**such as education, national defense, public health,** public transportation, **and law enforcement**

[1,9]. Finally, as shown by [1] and [13], the most significant issue that arises in an effort to apply CSR principles to corporate taxes includes actions that

10**can reduce** corporate **tax** obligations **through** corporate **tax avoidance and tax planning.**

The company is one of the taxpayers in the form of a permanent business that has the obligation to pay taxes. As taxpayers, companies contribute to national development. From a community perspective, the company should pay taxes to the state because the company has benefited from the provision of public goods so that the company can do its business and earn profits. Therefore, companies should not commit tax violations, because then there will be more funds that can be used by the state to improve people's welfare [13]. In the legitimacy theory it is stated that the corporate

> 13**value system is** in line **with the value system of the larger social system** in **which the company is part** of it. **The** value system of **the** company **is** shown by **the**

compliance of companies paying taxes and not trying to carry out tax aggressiveness activities that can harm many parties. The action of tax aggressiveness arises because of differences in objectives between the government and companies as taxpayers. Therefore, companies should carry out social responsibility through disclosure in annual reports to gain trust from the public. [1, 13] and [19] state that corporate tax can only be linked to CSR if the tax payments made by the company do have implications for the wider community. But in general, companies carry out activities to minimize the amount of tax paid because they feel burdened with existing responsibilities. [1] state that

> 10**by taking a passive** attitude **towards taxation,** companies **can gain legitimacy** from the community **and**

can

> 1**maintain a good** position **with the tax authority by**

obeying and encouraging them to follow the applicable tax laws. Tax aggressiveness has a significant adverse effect on the company itself. [20] states that the adverse effects obtained by companies for violating social norms are the number of sales that go down because people who know about the importance of CSR will boycott the company's products and tend to be reluctant to buy products. [1] and [13] stated that thus a company that carries out tax aggressiveness is considered socially irresponsible by the public. [18] analyzed the annual reports of the same tax aggressiveness companies in Australia. The results of the study conclude that there is a relationship between people's attention to certain social, environmental issues and CSR disclosures in the annual report. Meanwhile, [3] conducted a study of the aggressiveness of taxes on mining companies in Australia whose results showed CSR disclosure had a negative effect on the level of tax aggressiveness. [9] shows the same empirical evidence that CSR performance negatively affects the level of tax aggressiveness for a sample of 50 companies in Nigeria. In the Indonesian context, the results of [10] study also provide the same empirical evidence. Likewise, [8] provide empirical evidence of the negative influence of CSR activities on the level of tax aggressiveness for samples of companies in France. According to legitimacy theory, CSR activities are carried out by companies to show that the company's value system is aligned with the social system in which the company operates. Based on this theory, it can be proposed the argument that CSR disclosure is carried out by the company to gain legitimacy from the community in which the company is located. Companies that have revealed a lot of CSR information in their annual reports in order to obtain a good image are trying to maintain it. One of the efforts is to reduce or not act tax aggressiveness which can damage the good image through CSR disclosure. Thus, it can be argued that the more

6**CSR disclosure, the lower the level of corporate tax aggressiveness.** Hypothesis: the level **of**

CSR disclosure has a negative effect on tax aggressiveness

15**3. METHODOLOGY 3.1. Population and Sample The population** used in this **study is all**

non-financial companies and not from the real estate industry and construction services that are

15**listed on the** Indonesia **Stock Exchange** for **the period** 2015-2017. **The**

reason for choosing a non-financial company as a sample of a company is because financial companies have different financial characteristics than other companies, so that it can lead to a bias in the results of the research. This is due to government regulations that tend to affect the ETR value of financial companies so that they are different from other companies (Lanis and Richardson, 2012). Sampling in this study was conducted using purposive sampling method using the following criteria: ? The company publishes annual reports and financial reports for three years in a row (2015- 2017) which can be accessed from the IDX

4**website (www.** idx **.co.id) or** from **the company's website**

and has complete data needed in this the research. ? ? The company did not experience losses during the research year. This is because it will cause the ETR value to be negative so it will complicate the calculation. Companies that have ETR between 0-1 so that it can simplify the calculation, where the lower the ETR value (close to 0), the company is considered to be more aggressive towards its tax obligations. ? Companies that use Rupiah value units in their financial statements. 3.2. Research

9**variables The dependent variable** in **this study is** the level of **tax aggressiveness.** Tax aggressiveness **is** one of **the**

ways done by a company to minimize the tax burden that will be paid in legal and illegal ways. The main proxy in this study is the effective tax rate (ETR) which describes the percentage of total income tax expense paid by the company from all total income before tax. In addition, ETR is the most widely used proxy in previous research and to find out the existence of tax aggressiveness can be seen from low ETR values [1,3]. Besides [1,3], another study that uses ETR as a proxy for tax aggressiveness is [14, 8, 13] and 10]. ETR proxy can be calculated from

23**the ratio of income tax expense** according **to tax**

divided by pre-tax profit according to accounting. The low ETR shows

7**the ratio of income tax expense to** small **pre-tax**

profits which is an indication of a high level of tax aggressiveness. This is because there is a tendency for companies to pay a lower tax burden than they should be paid. Thus, the lower the ETR, the higher the level of tax aggressiveness and vice versa. The independent

20**variable in this study is the level of CSR disclosure.**

Social responsibility disclosure uses the Global Reporting Initiative indicator obtained from the website

14**http://www.globalreporting.org.** The **Global Reporting Initiative (GRI)** is a **reporting**

framework for consisting of reporting principles, reporting guidelines and disclosure standards with 75 disclosures which include

11**Environment (EN), Human Rights (HR), Labor Practices (LP), Product** Responsibility **(PR)), and Society (SO). To**

measure CSR disclosure variables with the annual report content analysis method by comparing items at the check list with items disclosed by the company. If item i is disclosed, then it is given a value of 1, if item i is not disclosed it is given a value of 0 at the check list. The total check list is calculated to get the

25**number of items disclosed by** the **company**

with the total items according to the index. The disclosure index of each company is then calculated by the number of items expected to be disclosed. The CSR disclosure index itself is based on the GRI indicator which amounts to 75 items. Control variables in the study were used

18**in order to** improve **the internal validity of the** results **of the**

study. The

4**focus of this study is the** effect **of** CSR **disclosure**

on tax aggressiveness so that variables other than CSR disclosure need to be controlled. The control variables used include intensity capital, inventory intensity, and company size. These three variables are likely to affect the size of the level of tax aggressiveness [21,1, 14,13,9]. Capital intensity describes how much the company's assets are invested in the form of fixed assets. Capital intensity according to [1] is calculated from the ratio of

12**net fixed assets divided by total assets. Inventory intensity**

describes the proportion of inventory held to the total assets of the company.

12**Inventory intensity is a** substitution of **capital intensity**

which according to [1]

17**is measured** through **the ratio of total** inventory **to total assets.**

This research includes capital intensity and inventory intensity because companies with large fixed assets and inventories tend to be more observable and highlighted by the community so that they will be careful in choosing actions that can reduce their image in the public eye including non-compliance with tax regulations [21, 8]. Thus, it is estimated that the greater the capital intensity and inventory intensity of the company, the lower the level of aggressiveness. Size is the level of the

25**size of a company.** To measure **the level of** size **the** company is proxied **by**

20**natural logarithm of total assets.** The use of **natural log**

in this study is used to reduce the problem of heteroscedasticity without changing the proportion of the original value.

23**Firm size is used as a control variable**

because it is likely to negatively affect the level of tax aggressiveness. This is because large companies tend to be more easily observed by the public (higher visibility) so they will try to maintain their legitimacy by not taking aggressive tax avoidance actions [21]. 3.3. Hypothesis testing For hypothesis testing, this study uses multiple regression analysis with the following equation: TAGit = α0 + β1 CSRit + β2 CINTit + β3 INVNTit +

β4 SIZEit + e (1) TAGit: tax aggressiveness is measured using ETR proxy α0: constants β1, β2, β3, β4: regression coefficients CSRit: disclosure of CSR items of the company's t-year CINTit: capital intensity INVNTit: inventory intensity SIZE it: company size e: error 4. RESULTS AND DISCUSSION In this section the results and discussion of research findings are presented. Table 1 presents the results of the selection of research sample. Table 1 Research Sample Sampling Criteria 2015 2016 2017 Non-financial and non-construction services companies listed on the IDX 369 383 416 New listing company in 2015 (23) New company listing in 2016 (20) New listing company in 2017 (24) Company that was delisted in 2015 (5) Company that was delisted in 2016 (4) Company that was delisted in 2017 (6) Companies that do not disclose annual reports for 3 consecutive years (26) (26) (26) Companies that do not disclose CSR (35) (35) (35) Companies that do not use Rupiah (41) (41) (41) Companies that do not have complete data (19) (37) (64) Companies that suffer losses (85) (85) (85) Companies that do not have ETR values 0-1 (10) (10) (10) The total company is the object of research 125 125 125 Total research observations for 2015-2017 375 Outlier data (5) Total research observation 370 Table 2 is a descriptive analysis for the dependent variable, independent and control variables as follows: Variabel N Minimum Maximum Mean Std. Deviation ETR 370 0.0064 0.5586 0.2443 0.0837 CSR 370 0.0266 0.7066 0.1531 0.0972 CINT 370 0.0011 0.8886 0.2679 0.2053 INVNT 370 0.0000 0.7168 0.1875 0.1540 SIZE 370 24.70 32.99 28.47 1.61 ETR CSR CINT INVT SIZE Effective Tax Rate CSR Disclosure Capital Intensity Inventory Intensity Company Size Table 2 shows a descriptive analysis with a sample of 370 companies. The mean (ETR) is 0.2443 or 24.43% indicating a high level of tax aggressiveness. This shows the average company tax burden is 24.43% of pre-tax profit, while the average rate for corporate income tax is 25.00%. While the level of CSR disclosure has an average of 0.1531 (or 15.31%) so it can be concluded that the disclosure of CSR in this study sample is quite low because it is far below the maximum score of 1. This shows the sample of companies in this study only revealed CSR items of around 15 , 31% of what should be according to the GRI index. The average capital intensity control variable is 0.2679 or 26.79% indicating that the

12**net fixed assets divided by** the **total assets**

of the research sample relatively low. Likewise, inventory intensity is only 18.75%, which shows that the ratio of total inventory divided by total assets is only 18.75%. Table 3 shows the results of regression testing after all OLS regression assumptions are met. The t statistical test and p-value are used to determine the effect of each independent variable on the dependent. Table 3 Hypothesis Testing Results Variables Expected sign Coefficients

26**Std. error t-statistic p-value Constant 0.** 422 **0.** 077 5.480 **0.** 000 CSR Positive (+)* **0.** 171 **0.** 044 **2.** 617 **0.**

018 CINT 0.055 0.022 2.524 0.012 INVNT 0.075 0.029 2.569 0.011 SIZE -0.008 0.003 -2.859 0.004 F statistics (p-value) 5.220 (0.000) Adjusted R-squared 0.094 ETR CSR CINT INVT SIZE Effective Tax Rate CSR Disclosure Capital Intensity Inventory Intensity Company Size * Given the amount of ETR as a proxy for tax aggressiveness inversely proportional to the

19**level of tax aggressiveness (the lower the**

ETR,

19**the higher the level of tax aggressiveness,** and vice versa), **the** expectation for **the** coefficient **of**

CSR is positive (as opposed to the research hypothesis) Based on the results of testing the hypothesis table 3, it is known that the disclosure variable of CSR

24**has a** positive **coefficient of 0.** 171 **and p-value of**

0.018 (significant at alpha 5%). Therefore, it can be concluded that the CSR disclosure variable has a positive effect on the

5**effective tax rate (ETR). The** higher the **level of CSR disclosure,** the higher **the**

ETR value. Keep in mind

7**that the higher the** ETR value indicates **the lower** level **of tax aggressiveness**

and vice versa. Thus, the test results in table 3 show support for the research hypothesis that the level of CSR disclosure has a negative effect on the level of tax aggressiveness. The test results provide empirical evidence that the

21**level of disclosure of CSR** is negative towards **the level of**

tax aggressiveness. However, the findings of this study are different from [1] although they both show the negative effect of CSR disclosure on tax aggressiveness. The results of the research by [1]

5**show that the higher the level of CSR disclosure, the lower the level of tax aggressiveness.** On **the**

contrary, based on descriptive statistics, the results of this study indicate

6**that the** lower **the level of CSR disclosure, the** higher **the level of corporate tax aggressiveness.** The differences **in** the findings **of**

this study with the findings of [1] may be due to differences in institutional environments. In this case, the context of this research is Indonesia which includes clusters of law-code countries with characteristics such as [7]: (a) weak investor protection level, (b) concentrated ownership, (c) the company's main funding source from bank loans compared to the capital market, and (d) high level of earnings management. While [1] Lanis and Richardson (2012) uses the common law country context. As the argument of [7], the institutional environment can cause less ethical activities, namely low CSR and high levels of tax aggressiveness. However, both of these results support the legitimacy theory that companies with good image through CSR disclosure tend not to damage the image by conducting tax aggressiveness. On the other hand, companies whose image is not good because they don't disclose CSR activities tend to be more aggressive in making various efforts to pay taxes lower than they should. These results explain that the higher the company conducts CSR activities, the higher the attitude of responsibility that the company has is reflected in the attitude of obedience in paying the amount of tax burden that has been determined or it can be concluded that the company is increasingly not aggressive towards taxes. The results of this study support the legitimacy theory which explains that the disclosure of social responsibility is carried out by the company to gain legitimacy from the community where the company is located. This legitimacy causes the company to avoid things that are not desirable and can increase the value of the company. Legitimacy theory states that organizations not only pay attention to investor rights but also pay attention to public rights [22]. In the results of regression testing shown in table 3, capital intensity variables have a significant positive effect on ETR. This shows

> 6**that the higher the** value **of** capital intensity, **the lower the** attitude **of tax aggressiveness**

carried out by the company. This relates to the fixed assets owned by a company that relate to the size of the company, large companies tend to have large assets. The larger the company tends to have good management and funding sources in running the company. Companies use the resources they have to do good tax planning, but companies cannot always use their resources to carry out tax planning because there is a possibility of being targeted by government decisions and policies. The results in table 3 show that the inventory capacity variable has a significant positive effect on ETR. This shows that the higher the value of inventory intensity the company has, the lower the company's desire to minimize the tax paid. This is because the inventory will run out in a short period of time (one year). The higher the value of inventory reflects the lower the value of the cost of inventory as a deduction in profit before tax which makes the total tax burden to be higher. This is because the value of inventory intensity is measured by the total total inventory. The value of the cost of inventory itself is calculated from the amount of initial inventory plus the total purchase of inventory for one year minus the ending inventory. The results of this study also show that SIZE variables have a significant negative effect on ETR. This shows the greater the size of the company, the higher the

> 16**level of tax aggressiveness.** This **is** in accordance **with the** research **of**

[1]. 5. CONCLUSIONS This study aims to analyze and test whether the level of disclosure of corporate social responsibility affects the level of tax aggressiveness in

> 27**non-financial companies listed on the Indonesia Stock Exchange. The**

results of empirical research show **that the**

level of disclosure of corporate social responsibility in annual reports

7**has a** negative **effect on tax aggressiveness. The** results **of**

descriptive statistical analysis show that the negative effects occur because companies that are low in the level of CSR disclosure tend to be more aggressive in making various efforts in order to minimize the amount of tax to be paid. The results of this study support the legitimacy theory. This finding is also consistent with the empirical evidence provided by [14] Hoi et al. (2013) that companies that lack their CSR activities tend to be more aggressive in tax avoidance. Poor corporate culture will lead to less ethical activities, namely low CSR and high levels of tax aggressiveness [14] (Hoi et al. 2013). The implication of the results of this study is the importance of the company's ethical culture in order to gain legitimacy from stakeholders. The government also needs to evaluate the company's CSR activities which from the results of this study will be related to the level of tax aggressiveness. There are several limitations in this study, including differences in assessment in analyzing and identifying CSR disclosure items in the company's annual report because there are elements of subjectivity. In addition, annual report information only comes from the IDX website, so this study assumes that if CSR disclosure items are not disclosed in the annual report, the company does not disclose CSR according to the item. Future research can examine further by considering several limitations of this study. REFERENCES [1] Lanis, R. and G. Richardson. (2012), “ Corporate social responsibility and tax aggressiveness : An empirical analysis”, Journal Accounting and Public Policy, 86-108. [2] Frank, M.M., Lynch, J.L. and Rego, S.O. (2009), “Tax reporting aggressiveness and its relation to aggressive financial reporting”, The Accounting Review 84, 467-496. [3] Lanis, R. and G. 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