ABSTRACT

This study aims to examine the extent to which the ability of corporate social responsibility affects tax avoidance as well as to take into account the role of earnings management as a mediating variable in manufacturing companies listed on the Indonesia Stock Exchange in 2013-2018.

Purposive sampling is a sample selection method used in this study to obtain a sample of 390 manufacturing companies on the Indonesia Stock Exchange in 2013-2018. Path analysis is an analytical technique used in this study. Corporate social responsibility is measured using the GRI-G4 index. Tax avoidance is measured by dividing income tax expense by income before tax. Meanwhile, earnings management is measured using the Modified Jones Model (1991), namely discretionary accruals.

Based on the results of regression tests that have been conducted, earnings management has a positive effect on tax avoidance, corporate social responsibility has a negative effect on earnings management. Meanwhile, corporate social responsibility has no effect on tax avoidance. This study also provides information that earnings management cannot mediate the effect of corporate social responsibility on tax avoidance.

Keywords: Corporate Social Responsibility, Tax Avoidance, Earnings Management