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The impact of capital intensity and corporate social responsibility on tax aggressiveness with profitability moderated role: Study on consumption good industry sub-sectors company In Indonesia Stock Exchange 2017-2022

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Abstract

This study seeks to examine and elucidate the impact of capital intensity (CI), return on assets (ROA), and corporate social responsibility (CSR) on tax aggressiveness (TA) in the food and beverage sub-sector companies listed on the Indonesian capital market. Additionally, it aims to explore the indirect relationship between CI and TA mediated by ROA. The study was carried out on nonfinancial sector firms listed on the Indonesia Stock Exchange (IDX) from 2017 to 2022. This study employed quantitative data and relied on secondary data sources, indicating that information was acquired, gathered, and analyzed from external sources. This study conducted hypothesis testing to examine the direct impact of CI, ROA, and CSR on TA, as well as the indirect impact of ROA as a moderator between CI and TA. The analysis was performed using MRA analysis with IBM SPSS Process by Andrew Hayes. Hypotheses were tested using a t-test to assess the regression coefficients, with a significance level of 5 percent. The study's results confirm the established research model, demonstrating that CI, ROA, and CSR have a direct, negative, and considerable impact on TA. Additionally, this research has successfully developed a theoretical model illustrating this influence. The use of ROA reduces the association between CI and TA. (2) To provide a theoretical framework that examines the influence of corporate image (CI), return on assets (ROA), and corporate social responsibility (CSR) on taxpayer attitude (TA) using the system employed by Indonesian taxpayers. (3) To conduct an empirical investigation on the elements that affect taxpayer behavior and their impact on TA. This study update focuses on the research variable, which serves as a thorough determinant of the TA variable. It combines the CI and ROA variables and tests their impact on TA. Additionally, it examines the moderating role of the ROA variable.

Keywords: Capital intensity; Tax aggressiveness; ROA; CSR; IDX

1. Introduction

Taxes are the main means of generating potential state revenue to fund government operations and support development initiatives. The government strives to increase revenue from the tax sector every year. Tax revenues come from collections carried out by the central and regional governments with the imposition of tax objects [1]. Tax is one of the primary sources of state revenue; it reached 78.56% in 2017-2022. Meanwhile, the remaining 11.44% came from non-tax state revenues and grants. Judging from the large percentage that comes from taxes, it is appropriate for the government to pay serious attention to taxation. Because the taxes paid by companies in Indonesia transfer part of the wealth from the company to the state, paying taxes is a significant burden for companies. Based on information obtained in the field, it shows that tax revenues in Indonesia experience quite significant fluctuations [2]. According to [3], companies with significant revenues will have large tax expenditures so state income will be more critical. However,

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the government's desire for taxes as the primary source of state revenue is different from the company's goal as taxpayers who want to make as much money as possible. Companies whose primary goal is to increase the company's value or profits think that taxes are a burden that will reduce and minimize the company's profit or profits. Because of these differences in interests, companies try to avoid and minimize their tax burden. One way that companies can reduce the tax burden they will pay is through tax aggressiveness activities.

Tax aggressiveness measures designed to minimize corporate taxes are an activity that is increasingly common in corporate environments throughout the world [4]. Tax aggressiveness refers to the deliberate manipulation of taxable income by strategic tax planning measures, which can be either legal (tax avoidance) or unlawful (tax evasion) ways. Even though some actions do not violate the law, the more loopholes are used, and the greater the savings made, the company is considered more aggressive toward taxes [5]. This tax aggressiveness will benefit the company as long as it does not violate applicable laws. One is reducing corporate tax obligations to obtain profits, and liquidity management hopes for [6]. Food and beverages (F&B) companies, better known as food and beverage industrial companies, are a sub-group of manufacturing companies on the Indonesia Stock Exchange (IDX) with a more significant number of company members in manufacturing companies. This company operates in the food and beverage production sector by processing raw materials into goods in process or finished goods [7]. Empirical evidence indicates that multiple companies operating in the food and beverage industry listed on the Indonesia Stock Exchange are planning to reduce their operating profits, in contrast to operational results, which are increasing proportionally, and this shows a phenomenon of tax avoidance [8]. The phenomena carried out by companies to avoid tax burdens can cause losses in state income because state income sourced from the tax sector cannot reach the target. However, not all companies carry out tax aggressiveness illegally. Many previous studies have examined what factors can impact the degree of tax avoidance undertaken by corporations [9]. The study's results [3] found that several factors can influence tax aggressiveness: leverage, capital intensity, and corporate social responsibility. Meanwhile, in the research [10], the influencing factors are liquidity, leverage, and profitability. Because tax payments made by companies are considered a contribution to the welfare of society through the provision, development, and maintenance of public facilities carried out by the government, this has resulted in the public seeing companies that carry out tax aggressiveness as a form of corporate irresponsibility towards the corporate environment [6]. So, to maintain loyalty and the company's image in the eyes of the public, the company carries out social activities, namely Corporate Social Responsibility (CSR). CSR can be used as a deduction from tax payments because CSR activities are an action to improve the surrounding environment, improve worker welfare, and empower the economy around the company. CSR can influence tax aggressiveness by reducing tax payments by including CSR in the company's deductible expense [3].

One of the factors determining the tax burden is profitability, where if the company's profits are more significant, the tax burden that will be paid will also be more substantial [11]. This gives rise to differences between the government and companies where the relationship between the two is related to agency theory, which explains the relationship between the principal or government and the company as an agent [12]. A study by [5] showed that profitability positively influences tax aggressiveness. However, on the other hand, research results [10] Demonstrate that profitability has no impact on the level of tax aggression. Tax aggressiveness refers to the deliberate efforts to minimize taxable income by employing tax planning strategies, including legal and potentially illegal practices that may be categorized as tax evasion. While not all acts necessarily breach the rules, firms employ various strategies to create the perception of a more assertive approach towards taxation [13]. One form of investment that a company can make is investment in fixed assets or what is usually called Capital Intensity. Apart from increasing a company's profitability, companies can use Capital Intensity to carry out tax aggressiveness. Company investment activities, known as Capital Intensity, involve purchasing fixed assets to produce products and generate profits for the company [13]. Companies can be tax aggressive by investing in their fixed assets because the proportion of fixed assets will always be related to the depreciation of fixed assets and cause depreciation expenses to arise [3]. Companies with significant fixed asset investments will bear more depreciation burden in line with the amount of fixed asset investment [14]. Ultimately, this depreciation expense will increase the company's burden and reduce the profits generated. This gives rise to differences between the government and companies where the relationship between the two is related to agency theory, which explains the relationship between the principal or government and the company as an agent [12]. Based on several previous research results, there are different results. The results of previous research stated that there was inconsistency, so researchers were interested in testing again. This research is a development of a study conducted by [15], which tested the effect of Profitability (ROA) as a moderating variable on the tax aggressiveness variable, with CSR and as a control variables.

2. Material and methods

2.1. Agency Theory

Agency theory is defined as a theory relating to contracts where one or several people or principals employ other people or agents to perform various services and give the agent the power to make decisions [12]. The link between shareholders (principal) and management (agent) is known as an agency relationship, whereas conflicts of interest that may exist between shareholders and management are called agency difficulties [6]. Corporate tax policy is one of many things that is influenced by differences in interests between principals and agents. Companies can calculate and report their taxes through the self-assessment system, which is the taxation system used in Indonesia. This system allows agents to manipulate tax revenues to be lower so that the tax burden borne by companies is smaller [10]. The agent should execute the principal's desires in order to ensure that the principal receives a profitable outcome on their investment or transfers a specific quantity of dollars to the corporation.

2.2. Legitimacy Theory

Field [16] showed that legitimacy theory was predicated on the interaction between an organization and society, in which the organization's goals must be consistent with societal ideals. Organizations can gain legitimacy by participating in social responsibility initiatives, commonly called Corporate Social Responsibility [6]. According to legitimacy theory, companies must respect the general public's and investors' interests. Furthermore, they seek social legitimacy to expand their financial power in the long run. As a result, the general public and stock market participants will support the company [16]. Although originating from the same conceptual foundation, research that applies legitimacy theory examines a wide range of distinct behaviors, attitudes, and processes. The presence of several approaches has hindered the progress of theoretical growth, so addressing the breadth of existing constructs is essential. To address this situation, we offer the Concentric Legitimacy Diagram to organize the literature. This diagram is rooted in the legitimacy dialogue and argues that legitimacy theory consists of five main theoretical propositions [17]. Legitimacy theory posits that organizations consistently strive to align their operations with the restrictions and standards of society.

2.3. Taxation Theory

2.3.1. Taxpayer Definition

The Article 1 of Law No. 28 on explains about General Provisions and Agenda of the Taxation [18]; a Taxpayer is a particular individual, as well as a taxpayer, tax cutter, and tax collector, with taxation rights and burden following the tax provisions of lawful settlement. Accordingly, on Law No. 28 [18], free occupation is work done by an individual who maintains an appropriate compensation generation competent not bound by an enrollment affair, such as accountants, doctors, notaries, lawyers, consultants, etc. Furthermore, taxpayers monitor employment actions in any field, such as salon openings, workshops, restaurants, etc. Taxpayers who handle business or free enrollment as an employer must pay and disclose any unpaid taxes on income received or captured by the business. They are also tasked with depositing and distributing unpaid income taxes on their employees' earnings. Compulsory Taxpayer Criteria, Following PMK No. 74/PMK 03/2012 [19], the public acquiesces with a taxpayer-afford category, as below: (1) Proper in submitting the annual tax return; (2) Admit no tax inconvenience for all categories of taxes but for those tax involvement that has been granted or collected acceptance to post or delay tax disbursement; (3) The audited financial statements by a public accountant or an authorized financial oversight body, with unqualified assessment for three ensuing years; and; (4) Have never been penalized for a criminal offense in taxation based on a street judgment with long-lasting juridical violence within the last five years.

2.3.2. Taxpayer Perception of Tax Saction

Suggests that a person's perception is the ability of the brain to translate incoming stimuli into the relevant human sensory organs [20]. Based on this perspective, taxpayers' perception of tax sanctions is an interpretive process in which taxpayers attempt to interpret some of the information gathered about tax sanctions from various sources. Tax punishments are also divided into two categories in this case: administrative and criminal distrust in the form of jail or detention.Taxpayer Perception of Law Enforcement. Every taxpayer's perception of legal administration is critical for all parties. The biggest impediment to law enforcement is deceit in the elements that can influence taxpayer impressions [21]. The aspects are as follows: (1) The contractual factor itself, in this matter, is barred to the law alone; (2) Law imposition aspect, namely the parties involved that make up and apply the law; (3) The element of apparatus that bolsters law application; (4) Association factor, as the situation in which the law is relevant or enforced; and (5) Developmental elements, such as job, formation, and an impression based on human action in social life. Law enforcement in Indonesia is still sloppy and fearful, with many people abusing state funds, primarily taxes. This adoring news spreads throughout the community, creating a false perception of police enforcement in Indonesia. As a result, taxpayers will be afraid to pay taxes, which should be their responsibility. According to [22], equitable tax treatment of taxpayers will increase taxpayer conformity since it fosters normal rivalry in the global economy. In contrast, biased treatment results in poor taxpayer conformity.

2.4. Tax Aggressiveness (TA)

Researchers have shown significant interest in tax-related studies in the past decade. Numerous scholars have endeavored to investigate the variables that influence the level of company tax aggression. By utilizing the Cash ETR (Effective Tax Rate) as a suitable indicator of tax aggressiveness and employing a multiple regression model, the research has discovered compelling evidence indicating a negative correlation between executive traits, firm size, profitability, and the probability of engaging in tax aggressiveness. Furthermore, there is a direct relationship between leverage and tax aggression [23]. Tax aggressiveness, also known as tax planning, tax mitigation, tax avoidance, tax shelters, and tax reduction, refers to the various strategies individuals and businesses employ to manage their tax liabilities. These strategies are subject to regulation by tax authorities and can be executed within the boundaries of the law or in violation of it [24, 25]. Tax aggression encompasses both legitimate tax avoidance strategies and unlawful tax evasion practices. Tax avoidance refers to the deliberate actions taken by a taxpayer to minimize their tax liability by using legal loopholes that do not violate state laws and regulations. Tax evasion, conversely, refers to the violation of regulations pertaining to the payment of taxes [26]. Active involvement of taxpayers is a crucial element in bolstering development. This is intricately connected to the perception or conduct of the community and corporate taxpayers, which is also influenced by indigenous knowledge and the surrounding ecosystem. A comprehensive understanding of taxation is crucial in facilitating the government's achievements in the realm of tax administration. By presenting logical and suitable scenarios, tax legislation can be comprehended by many societal and corporate entities, regardless of unique factors such as gender, age, education level, and career. Incorporating local wisdom and culture is crucial for enhancing the development of tax knowledge across all segments of the local community [27]. These efforts aim to optimize the reduction of tax aggregates in order to effectively support development.

2.5. Capital Intensity (CI)

One of the assets businesses use to produce goods and generate profits is capital intensity, or the company's allocation of funds towards acquiring and maintaining long-term physical assets. The company will incur depreciation costs due to its investment in fixed assets [28]. Capital intensity measures the extent to which a corporation has allocated its wealth towards fixed assets [14]. Similarly, Field [24] states that capital intensity is how companies allocate funds for operations and asset funding to achieve financial profits. The capital intensity ratio measures the effectiveness of asset utilization in generating sales [28]. PSAK 16 states that fixed assets are tangible assets with the company as the owner used to provide or produce goods or services, administratively, leased to other parties, and whose use is expected to last for more than one period. According to [3], the useful life of fixed assets results in depreciation. This depreciation expense reduces profits, so the taxable expense is also reduced. Based on the research [28], capital intensity is quantified by the capital intensity ratio, which is calculated as the division of net fixed assets by total assets. This ratio provides insight into the extent of a company's capital intensity.

2.6. Corporate Social Responsibility (CSR)

To get an excellent public response, the company's business activities must reciprocally relate to the community; one form of reciprocity carried out by the company is the Corporate Social Responsibility (CSR) activities [29]. Meanwhile, [14] states that CSR is a business commitment that contributes to economic development and can engage in cooperative efforts with employees, the local community, and the broader community to enhance the standard of living that is advantageous to the organization and its growth. Furthermore, it gets public attention to the company's image. All business actors must report their implementation of Corporate Social Responsibility in their annual report. In Indonesia, standards are set for disclosing the implementation of Corporate Social Responsibility using the concept of the Global Reporting Initiative (GRI) as an indicator that will be included in the annual report [30]. In Indonesia, GRI experienced development in 2013 to become GRI-G4, which was previously GRI-G3 where GRI-G4 updated matters regarding reporting, which contained material topics for business and stakeholders in the company so that in GRI-G4. There are three categories, namely economic, environmental, and social, with 91 items as disclosing indicators with a percentage measurement formula, namely the CSRI ratio by looking at the number of CSR items disclosed divided by the 91 items which are indicators [6]. The company is dedicated to engaging in sustainable economic development to enhance the well-being of the company, the local community, and society as a whole, through its dedication to social and environmental responsibility.

2.7. Return on Assets (ROA)

Profitability measures company management's ability to generate profits during a specific period. The level of welfare of all employees in a company is greatly influenced by its capacity to make profits. Therefore, the company becomes more wealthy as it generates more profits. Profitability is a metric that gauges the effectiveness of management in utilizing firm assets, as seen by the generation of profits. Stakeholders use profits as a tool to measure how management manages the company. A high level of profitability allows investors to invest because company management is considered successful in running the company's operations [11]. Profitability is management's ability to obtain overall profits, where the level of company profitability is related to the level of profit achieved and the level of position in which its assets are used [7]. Profitability also plays a role in determining the tax burden because the company's tax burden must be paid according to its profit calculation. Consequently, the more profitable a company is, the more aggressive the company is toward taxes [31]. The profitability ratio is a measure used to measure how successful management is in running a company by measuring how well the company can generate profits from the operations it carries out [11]. Profitability ratio analysis can offer empirical evidence of a company's capacity to generate profits over a specific timeframe. One of the most important and commonly used is Return on Assets, a ratio that reflects the company's financial performance. That is related to total assets to see the company's effectiveness in using and managing its assets [1]. This ratio (ROA) evaluates the company's skills based on the profits earned in the previous period, which can be utilized in subsequent periods. Assets in Return on Assets (ROA) refer to firm assets acquired from personal capital or external sources that have been transformed into company assets to fulfill operational requirements.

2.8. Conceptual Framework and Hypothesis

The research begins with certain phenomena and findings from empirical investigations on taxpayer behavior as measured by tax knowledge, tax services, and tax witnesses to tax payments. Several studies have diverse viewpoints, so this research can be full. As a result, the following theoretical framework can be illustrated:

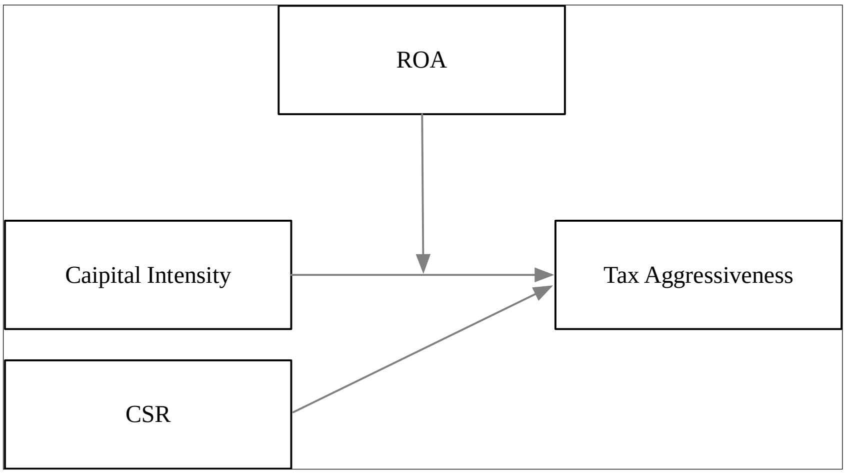

Figure 1 Conceptual scheme

The study assumption is a momentary comment that is inclined only based on the involved theory and not depend on factual factors collected from the data aggregate. Building upon the matter that is found and the principal theory in the description above, the preposition hypotheses are:

- *H1.* Capital intensity affects tax aggressiveness
- *H2.* ROA affects tax aggressiveness
- *H3.* ROA moderating capital intensity on tax aggressiveness
- *H4.* CSR affects tax aggressiveness

2.9. Research Design

The quantitative technique will be used in this research. Acceptance of a quantitative variable useful in clarifying the reciprocal relationship between hypotheses and theories. The data for this study was deductive, testing data and general ideas by testing the presented hypotheses. This research also identified and integrated CI, ROA, and CSR variables in relation to the influence tax aggressiveness of food and beverage sub sector companies listed on the Indonesia Stock Exchange (IDX) in 2017-2022. Nonprobability sampling was used to determine the sample for this study. With a total clear sample of 96 organizations, this study was analyzed in three stages: descriptive statistics, checking conventional assumptions as in regression analysis, and evaluating hypotheses using MRA analysis. SPSS V.27 software by process from Andrew Hayes is used in all data analysis operations. This study focused on food and beverage enterprises registered in Indonesia.

2.9.1. Independent Variables

The independent variable of this research is CI, and the value of CI is a ratio scale. Mathematically, the calculation is formulated as follows [3]:

$$Capital\ Intensity = \frac{Total\ net\ fixed\ assets}{Total\ assets}\ x\ 100\%$$

2.9.2. Dependent Variables

The dependent variables utilized in this investigation are tax aggressiveness (TA), and the value of TA is a ratio scale. Mathematically, the calculation is formulated as follows [5]:

$$Effecftive\ \ tax\ rate = \frac{Total\ of\ income\ tax}{Earning\ before\ tax}\ x\ 100\%$$

2.9.3. Moderating Variables

The moderating variables utilized in this investigation are return on assets (ROA), and the value of ROA is a ratio scale. Mathematically, the calculation is formulated as follows [5]:

$$Return\ on\ Assets = \frac{Net\ profit\ before\ tax}{Total\ assets}\ x\ 100\%$$

2.9.4. Control Variables

The control variables utilized in this investigation are corporate social responsibility (CSR), and the value of CSR is a ratio scale. Mathematically, the calculation is formulated as follows [6]:

$$Corporate\ Social\ Responsibility = \frac{Number\ of\ CSR\ items\ disclosed}{91\ disclosure\ items}\ x\ 100\%$$

2.9.5. Data Analysis Technique

The collected data is subsequently validated using descriptive statistical techniques such as the mean, standard deviation, maximum and minimum value, tables, and graphs. Furthermore, panel data regression with IBM SPSS software was examined for the data. We first evaluated data regression models using a prevalent impact model, a constant influence model, and a disordered impact model. The classical assumption test was performed to select the best model. In addition, we use the following models to study the relationship factors between tax aggressiveness:

$$TA = \beta_0 + \beta_1 CI + \beta_2 ROA + \beta_3 CI*ROA + \beta_4 CSR + e$$

3. Results and discussion

The results of the respondents' answers were recapitulated into data tabulations. However, of the 156 food and beverage sector companies listed on IDX in 2017-2022, only 120 were adequate to have complete financial reports from 2017-2022. Furthermore, through the results of data normality testing, 24 data were outliers, so the standard data for analysis was 96.

3.1. Statistical Analysis Results

The resulting statistical analysis consists of several products: descriptive statistical analysis, correlation analysis, partial test analysis, or the t-test or p value.

3.1.1. Descriptive Statistics Analysis

The calculation of representative statistics consisting of the minimum, maximum, mean, and standard deviation values of every variable is provided in Table 1. This shows that the value factors impact the aggressiveness of taxation behavior.

Table 1 Descriptive Statistics

Variable	N	Min	Max	Mean	Std Dev
CSR	96	0.01	0.37	0.1197	0.09314
CR	96	-0.54	2.76	0.9340	0.75668
ROA	96	0.01	0.53	0.1103	0.08398
CI	96	0.06	0.76	0.3469	0.17602
TA	96	0.17	0.30	0.2368	0.02536

Likewise, the correlation between research variables can be displayed in Table 2 as follows:

Table 2 Correlations Between Variables

Variable	CSR	CR	ROA	CI	TA
CSR	1	0.148	0.001	-0.061	-0.189
CR	0.148	1	-0.102	-0.652**	-0.189
ROA	0.001	-0.102	1	0.037	-0.015
CI	-0.061	-0.652**	0.037	1	-0.018
TA	-0.189	-0.189	-0.015	-0.018	1

Notes: **. Correlation is significant at the 0.001 level (2 tailed); *. Correlation is significant at the 0.05 level (2-tailed).

3.1.2. Hypothetical Testing Results

Based on the results of the initial statistical analysis, further statistical analysis was carried out using MRA in Table 3 below as a hypothesis testing step as follows:

Table 3 Results from a Regression Analysis Examing the Moderation Effect and Hypothesis Test

		Coef	*SE*	*t*	*p*	*Hypothesis*
Constant	*iy*	0.2689	0.0132	20.3009	0.0000	
Capital Intensity (X)	b_1	-0.0587	0.0289	-2.0326	0.0450	Accepted
ROA (W)	b_2	-0.2002	0.0948	-2.1127	0.0374	Accepted
Capital Insensity x ROA (XW)	b_3	0.4468	0.2047	-2.1824	0.0317	Accepted
CSR (C_1)	b_4	-0.0589	0.0276	-2.1384	0.0352	Accepted
		R^2 = 0.0846, *MSE* = 0.0006				
		$F(4.910)$ = 2.1012, p<0.000				

Based on Table 3, the study's first hypothesis (H1) is accepted and can be answered or proven true: that capital intensity is negative and affecting tax aggressiveness is significant and to conforming empirical study [13, 27]. This situation also shows that the higher the CI, the lower the TA. One of the crucial assets that companies use to produce and generate profits is CI, or investment in fixed assets [14]. The company will also incur drafting costs [28]. This condition also shows how the company allocates its funds for operations and uses fixed asset funding to achieve financial profits. In this way, quite a lot of funds will be stored in fixed assets, which will impact increasing depreciation and small profits so that tax payments will also be small. This condition is what causes company intervention in tax aggressiveness to decrease drastically. This case is essential to the food and beverage company's strategy in dealing with potential and suppressing tax aggressiveness.

The effect of examining the second hypothesis (H2) shows that ROA negatively and significantly affects tax aggressiveness, or the hypothesis is accepted. This result aligns with [5, 32] empirical study; whereas the ROA value increases, companies simultaneously allocate their business returns to income tax. In this situation, the company has an excellent ability to pay taxes so that it can reduce potential tax aggressiveness. The company's ability to earn profits is an essential factor in supporting the company in financing its operations. The more a company produces high profits, the more it will be able to morally increase its awareness of paying taxes [27]. The role of ROA proves that responsibility for paying taxes is the main thing for every entrepreneur in maintaining business continuity in the future.

The results of the third analysis or the effect of CSR negatively and significantly affects tax aggressiveness, or the hypothesis (H3) is accepted. These results align with empirical studies [14], where companies will be more likely to legitimize and maintain the social and political environment in which they operate. According to legitimation theory, tax-aggressive companies will provide additional information regarding Corporate Social Responsibility. (CSR). According to the legitimacy theory, corporate social responsibility disclosure is carried out to gain legitimacy from the community so the company can operate. Companies can allocate funds to corporate social responsibility to reduce profits [3]. It can be interpreted that Corporate Social Responsibility can influence tax aggressiveness. Studies [6] also show that Corporate Social Responsibility can influence tax aggressiveness in a positive direction. However, this contradicts the research results conducted by [33], which shows that Corporate Social Responsibility can negatively and significantly influence tax aggressiveness. Likewise [14] show that Corporate Social Responsibility harms tax aggressiveness.

The results of the third analysis or the effect of CSR negatively and significantly affects tax aggressiveness, or the hypothesis (H4) is accepted. ROA achievement will further strengthen the relationship between CI and TA. This condition shows that a small ROA value will signal the company not to invest in fixed assets (CI) so that there is a possibility of carrying out TA. The company's limited financing indicates that its profit achievement still needs to align with expectations, so the potential for reducing expenditure will immediately be implemented in the future [34]. CI is an essential factor in determining a company's tax aggressiveness. The higher the CI, the smaller the TA, while with a tiny ROA, the CI will also be small, and the TA has significant potential [35].

4. Conclusion

According to the data analysis and discussion in the previous chapter, this research concludes that it is crucial to have awareness of taxpayers as the fundamental support for development, particularly those from profit-oriented organizations. Capital intensity incentivizes organizations to augment their fixed assets in order to enhance operational efficiency and company productivity. Thus, it has the capacity to diminish the likelihood of engaging in tax avoidance strategies. In addition, the company's capacity to earn a high ROA will bolster its potential to generate more capital that can be utilized for public expenditures. The function of ROA is to diminish the correlation between capital intensity and tax aggressiveness. This implies that ROA enables corporations to invest in assets, hence reducing the likelihood of engaging in tax aggressiveness. The company's CSR role effectively deters tax avoidance endeavors. Consequently, the presence of a CSR post indicates that the corporation is actively addressing the needs of the local community, thereby mitigating its inclination towards tax avoidance. Overall, the primary focus should be on the company's awareness and accountability for fulfilling tax duties, which involve making payments to the state treasury while effectively managing cash flow. Engaging in tax aggression is a perilous strategy since it could result in financial penalties and damage the company's public image.

Compliance with ethical standards

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Disclosure of Conflict of interest

The author affirms that they possess no discernible conflicts of interest, financial stakes, or personal affiliations that could have potentially influenced the research presented in this article.

Statement of ethical approval

This study does not entail the collection of information about other individuals and relies on original data obtained from meticulously designed questionnaires.

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