THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE ON TAX AGGRESSIVENESS (A RESEARCH ON MANUFACTURING COMPANIES LISTED ON INDONESIA STOCK EXCHANGE FROM 2015 – 2017)

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Minor thesis entitled:

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ABSTRACT

THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE ON TAX AGGRESSIVENESS (MANUFACTURING COMPANIES LISTED ON INDONESIA STOCK EXCHANGE FROM 2015 – 2017)

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This research aims to examine the effect of corporate social responsibility (CSR) disclosures towards corporate tax aggressiveness. The independent variable used in this research is social responsibility disclosure. While the dependent variable is the effective tax rates proxy. This present research is a replication of the research conducted by Lanis and Richardson (2012) which is done by involving 151 manufacturing companies listed on the Stock Exchange in 2015-2017 as the research population. The research sample was selected by purposive sampling method and obtained 14 companies per year that met the criteria for 3 years period. The data were analyzed using a simple linear regression analysis model. The results of the research indicate that the disclosure of CSR does not have any effect on the tax aggressiveness of a company.

Keywords: ***corporate social responsibility and tax aggressiveness***

ABSTRAK

PENGARUH PENGUNGKAPAN LAPORAN TANGGUNG JAWAB SOSIAL TERHADAP AGRESIFITAS PAJAK (PERUSAHAAN MANUFAKTUR YANG TERDAFTAR DI BURSA EFEK INDONESIA TAHUN 2015 – 2017)

Oleh:
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Dosen Pembimbing**:**
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Penelitian ini bertujuan untuk menguji pengaruh pengungkapan corporate social resposibity (CSR) terhadap agresivitas pajak perusahaan. Variabel independen yang digunakan dalam penelitian ini adalah pengungkapan tanggung jawab sosial. Sedangkan variabel dependen dalam penelitian ini adalah agresivitas pajak yang diukur menggunakan proksi effective tax rates. Penelitian ini merupakan replikasi dari penelitian yang dilakukan oleh Lanis dan Richardson (2012) dengan menggunakan 151 perusahaan manufaktur yang terdaftar di BEI pada tahun 2015-2017 sebagai populasi penelitian. Sampel penelitian dipilih dengan metode purposive sampling dan diperoleh 14 perusahaan per tahun yang memenuhi kriteria selama 3 tahun periode. Data dianalisis menggunakan model analisis regresi linier sederhana. Hasil penelitian menunjukkan bahwa pengungkapan tanggung jawab sosial suatu perusahaan tidak memiliki pengaruh terhadap agresivitas pajak suatu perusahaan.

Kata kunci*: CSR dan agresivitas pajak*

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I realize that the success of this activity depends on other support. Therefore, I would like to express my sincere gratitude to the following parties:

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Malang, May 12, 2019

Muhammad Diva Aditya

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CHAPTER I

INTRODUCTION

1.1 Research Background

A country's income is one of the crucial aspects that must be considered by a country. One of the state revenues that plays a large role for the welfare of the country and the people is tax. The tax itself has been regulated in law that is in Article 23A of the 1945 Constitution which states "Taxes and other levies that are intended for state purposes are regulated by law". Then, it is also regulated in Law Number 16 of 2009 concerning the fourth amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures in Article 1 paragraph 1 which states "Tax is a compulsory contribution to the state owed by an individual or entity is compulsive based on the Law, by not getting compensation directly and used for state needs for the greatest prosperity of the people ".

Basically, state tax is a very important source of state revenue. However, for a company, tax is a expenses that will reduce net income. For companies, taxes imposed on income received or obtained can be considered as costs or expenses in running a business or conducting activities or distributing profits to the government (Suandy, 2011). This is what causes the objectives of the company as a taxpayer to conflict with the government's goal to maximize revenue from the tax sector, where companies try to minimize the tax expenses both legally and illegally.

Taxes are a driving factor in many company decisions (Lanis and Richardson, 2012). That condition causes many companies to try to find ways to reduce the tax costs paid. Therefore, it is possible that the company will be aggressive in taxation. Managerial actions specifically designed to minimize corporate taxes through aggressive tax activities are becoming increasingly common among companies throughout the world. However, in fact, tax aggressiveness can indeed provide significant results for the company whether it is done legally (tax avoidance) or illegally (tax evasion). The strategies carried out are part of tax planning. The expected goal with the existence of this tax planning is to minimize tax payable to achieve optimal profit.

Corporate tax aggressiveness is an act of engineering taxable income designed through tax planning actions using either legal (tax avoidance) or illegal (tax evasion) methods (Frank, Lynch and Rego, 2009). Tax aggressiveness is a specific activity, which includes transactions, where the main objective is to reduce corporate tax obligations (Slemrod, 2004). On the other hand, companies that are intentionally involved in minimizing corporate taxes are socially irresponsible actions (Williams, 2007). It can be concluded that the act of aggressiveness is an action deliberately designed by the company to minimize the tax expenses in order to obtain greater profits. In this term, company in Indonesia not allowed to do tax evasion.

Tax avoidance can be defined as an effort to detect loopholes in tax legislation until the weakness points of the legislation are found which allow for tax avoidance which can save the amount of tax paid. On the other hand, tax evasion is an effort made to avoid taxes illegally by not reporting income or reporting but not the actual income value.

There is clearly stated that according to Law no. 40 of 2007 concerning CSR, that in fact a company can reduce their tax expenses according to the applicable law. It mean that a company could reduce their tax expenses by following the applicable rules. From the statement above it can be concluded that, companies are allowed to do tax avoidance but not tax evasion.

Firm tax aggressiveness can be considered as socially irresponsible activities (Erle and Schon, 2008). Aggressive tax companies have a negative effect on society. The public view of companies that commit acts of aggressiveness is considered to have formed an activity that is not socially responsible and illegitimate (Lanis and Richardson, 2013).

The tax aggressiveness carried out by this company will eventually bring a bad perception to the community. This is because the company is expensesed with CSR where the purpose is clear to the welfare of the surrounding environment. Companies that have a low rating in CSR are considered as companies that are not socially responsible so they can carry out a more aggressive tax strategy than socially conscious companies (Watson, 2011).

CSR is considered to be a key factor in the success and survival of the company (Lanis and Richardson, 2012). CSR is seen as a new accounting concept that is transparent to the disclosure of social operations carried out by the company. Transparency of information disclosure is not only the company's financial information, but the company is also expected to disclose information about the social and environmental impacts caused by the company (Rakhiemah and Agustia, 2009).

CSR in Indonesia has been regulated in the Limited Liability Company Law Number 40 of 2007 Article 1 paragraph 3 states that social and environmental responsibility is the company's commitment to participate in sustainable economic development in order to improve the quality of life and a beneficial environment, both for the company itself, the local community, and the community at large. Furthermore, disclosure of CSR has been regulated in Government Regulation No. Article 47 of Article 4 concerning Social and Environmental Responsibility of Limited Liability Companies which states that social and environmental responsibility is carried out by the Board of Directors based on the Company's annual work plan after obtaining approval from the Board of Commissioners or GMS in accordance to the Company's articles of association, unless otherwise it is stipulated in legislation -invitation. Thus, disclosure of CSR should be carried out by all companies in Indonesia, especially companies listed on the Indonesia Stock Exchange.

Basically CSR come from stakeholder theory. Stakeholder is the focus of stakeholder theory (Gunawan, Djajadikerta, & Smith, 2009). Stakeholder include a wide range of people or interest groups who have involvement with organizations or companies (Gunawan et al, 2009).

Stakeholder can influence or be influenced by the company either directly. To maintain its survival, companies must maintain good relations with stakeholders because stakeholders have an influence on the course of the company. Thus the company cannot escape from the role of stakeholders. The company must be able to fulfill the expectations of its stakeholder and provide added value to its stakeholder. One form is to pay attention to social and environmental issues to maintain good relations with stakeholder. In the view of stakeholder theory, companies must contribute to stakeholder other than shareholder, such as employees, suppliers, customers, and the surrounding community. CSR activities are basically carried out to contribute to the company's stakeholder. Not only for the benefit of shareholder.

Previous research as conducted by Lanis and Richardson, 2012 in Australia revealed that the higher the level of CSR disclosure from a company, the lower the level of corporate tax aggressiveness. They use Effective Tax Rates (ETR) as a measure of tax aggressiveness to find out whether the company's approach to CSR is related to the level of tax aggressiveness. ETR used in the previous study because, first, recent emperical tax research has found that ETRs encapsulate tax aggressiveness. Second, ETRs also denote the proxy measure of tax aggressiveness most frequently used by academic researchers. And third, the ATO (2006) considers low ETRs to be a key indicator or sign of tax aggressiveness.

This research is the replication of the research conducted by Lanis and Richardson (2012). The basic thing that distinguishes this research from the previous studies is that the existing regulations clearly differ between the countries of Australia and Indonesia as what is described in Law No. 40 of 2007. On the other hand, Indonesia itself has experienced many changes after the introduction of the first law on CSR since 2007. Samples taken in this research were taken from manufacturing companies listed on the Stock Exchange in 2015 - 2017. Those companies can be found out from the list of companies that make the 2015 sustainability report or precisely they are the ones that has been listed on the IDX as there are many companies nowadays have started to make sustainability reports one of which is characterized by the company program depicted in their CSR programs they have done. Although not all CSR programs implmented contain nominal figures.

In 2015, there were various interesting issues regarding CSR that had been studied by CSR experts in the Asian region, which had been released on the eco business website. The programs include significant climate and water changes in 2015 so that it brings some effects on the company's operational performance and community investment, long-term development planned by the government after one year of new government performance, and the large number of social inequality and inequality in 2015. These have made the researcher feels interested in conducting this research . In addition, in 2016 an organizational institution in Singapore has also conducted research where the National University of Singapore (NUS) Business School's Research Center for Governance, Institutions and Organizations stated that companies in Indonesia have a low quality of CSR disclosure. Which is lower than companies from Thailand and Singapore.

This research focuses on tax avoidance because there are some regulation about planning tax of company regarding to utilize of tax law in Indonesia. However, it is a replication of a research conducted by Lanis and Richardson (2012). This research focuses on the effect of CSR on tax aggressiveness due to strong attachment between CSR and the tax aggressiveness of a company. With different regulations regarding CSR and different taxes between Indonesia (developing country) and Australia (developed country). It's hoped that this research can provide results that can be compared with each other. The sample that will be used in this research is also manufacturing companies that have been listed on the Stock Exchange in 2015 - 2017, which generally has a problem in the surrounding environment which is largely due to the company's operational activities, for example water pollution control, waste management factories, and air pollution. Furthermore, for measuring tax aggressiveness, this research uses ETR and for measuring CSR itself it uses G4 Global Reporting Initiative (GRI).

1.2 Research Questions

This research was conducted to answer the following question:

1. Does CSR affect the tax aggressiveness of a company?

1.3 Research Purposes

Based on the formulation of the problem above, the objective of this research is:

1. To analyze the effect of CSR on tax aggressiveness.

1.4 Research Contributions

This research is expected to provide the following theoretical and practical benefits:

1. Academic Contribution

   This research is expected to be a reference and provide information for academics and further research on CSR, and tax aggressiveness.

1.5 Research Writing Systematic

The systematics of writing in this research is divided into five chapters. This systematic of writing is intended to facilitate discussion in writing. The systematics of writing in this minor thesis are described as follows:

1. CHAPTER I: INTRODUCTION

   The introductory chapter contains the background of the research, the problem of the research, the objective of the research, the significance of the research, and the systematics of writing.

2. CHAPTER II: LITERATURE REVIEW

   The literature review contains the theoretical basis, previous studies, and the framework of thinking and developing hypotheses.

3. CHAPTER III: RESEARCH METHODOLOGY

   The research methodology chapter contains research variables and operational definitions of variables, population and research samples, types and sources of research data, data collection methods, and data analysis methods.

4. CHAPTER IV: FINDINGS AND DISCUSSIONS

   The findings and discussions contain descriptions of research objects, analysis of research results, and research discussions.

5. CHAPTER V: CONCLUSION

The concluding chapter contains conclusions, limitations, and suggestions for further research.

CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Framework

2.1.1 Corporate Social Responsibility

Basically, CSR is a concept stating that an organization, especially companies have various forms of responsibility to all stakeholders, including consumers, employees, shareholders, communities and the environment in all aspects of the company's operations that cover economic aspects , social, and environment.

CSR is a form of concern both economically and morally from the company as a "public figure" to the social environment. The term CSR in a global context was first put forward by Howard Botton in 1953 in his book entitled "The Social Responsibilities of A Businessman" which explains what responsibilities can be expected in a company (Garriga and Mele, 2004 in Simon and Fredrik, 2009). Companies need to do CSR because of operational activities that will have an impact on the surrounding environment.

In this research , to calculate the amount of CSR that has been done by the company it uses a list of items as many as 46 disclosure items that have been registered in the G4 Global Reporting Initiative. The G4 Global Reporting Initiative provides reporting principles, standard disclosures, and implementation guidelines for the preparation of sustainability reports by organizations, regardless of size, sector, or location. The Code also provides international references for all parties involved in disclosing the governance approach and the performance, impact of the organization's environmental, social and economic. This guide is useful for preparing various types of documents that require such disclosures.

G4 is designed to be universally applicable to all organizations, large and small, throughout the world. The features in G4 make this Guide easier to use, both for experienced reporters and those who are new to sustainability reporting from any sector supported by other GRI materials and services.

2.1.2 Tax Aggressiveness

Tax aggressiveness is an act of reducing taxes that is becoming a public concern because this action is an act that is socially irresponsible act that harms the public and the government. Tax aggressiveness serves as a tax planning activity for all companies involved in reducing effective tax rates (Hlaing, 2012). Tax aggressiveness is a corporate strategy that is not in line with community expectations (Lanis and Richardson, 2013).

It is well known that the most significant issue that arises in attempting to implement CSR principles for corporate taxation includes actions that can reduce corporate tax obligations through corporate tax avoidance and tax planning (William, 2007). Recent empirical evidence shows that tax aggressiveness is more pervasive in weak corporate governance (Jimenez, 2008). In addition, companies that are aggressive towards taxes are characterized by lower transparency (Balakrishnan et. Al. 2011).

Therefore, one way to measure companies that carry out tax aggressiveness is by using the ETR proxy. It is basically a tax rate borne by the company. The lower the ETR value the company has, the higher the level of tax aggressiveness. Overall, companies that avoid corporate taxes by reducing their taxable income while maintaining financial accounting profits have a lower ETR value. Thus, ETR can be used to measure tax aggressiveness. ETR is the proxy that is most widely used in previous researches. (Lanis and Richardson, 2012). ETR itself has the following formula:

$$ETR = \frac{\text{Total Tax Expenses}}{\text{Profit Before Tax}}$$

Every company that conducts aggressive tax actions must certainly get sanctions because the actions they take are very detrimental to the public. Threats to violations of a taxation norm are threatened with administrative sanctions, some are threatened with criminal sanctions and some are threatened with administrative and criminal sanctions. In essence, the imposition of tax sanctions is applied to create taxpayer compliance in carrying out its tax obligations. Therefore, it is important for taxpayers to understand tax sanctions so that they know the legal consequences of what is done or not.

2.1.3 Stakeholder Theory

Basically, stakeholders are relationship between companies in carrying out their activities with stakeholders (shareholders, creditors, government, society, consumers, suppliers, analysts and other parties). In other words, stakeholders are individuals or groups who have an interest in company activities. Stakeholder theory states that there is an expansion of corporate responsibility with the premise that achieving corporate goals is closely related to the setting of the social environment in which the company is located (Maksum and Kholis, 2003).

Stakeholder theory says that a company is not an entity that only operates for its own interests but must provide benefits to its stakeholders (shareholders, creditors, consumers, suppliers, government, society, analysts and other parties) (Chariri and Ghazali, 2007).

The focus of stakeholder theory that refers to managerial decision making makes the company try to provide information that is beneficial to stakeholders. Stakeholders actually have the ability to influence the use of economic resources used by companies. One of the biggest interests for stakeholders is the implementation and disclosure of CSR carried out by companies in a transparent manner. Therefore, many companies do CSR with a variety of specific objectives. According to stakeholder theory, improving CSR makes the company more attractive to consumers. Therefore, CSR must be carried out by all companies (Cheers, 2011).

2.2 Previous Study

CSR and Taxation are two interesting things that are currently being explored in the world. Research on CSR and tax aggressiveness have been done in many companies, but by linking these two things is something that has recently happened in the economic sphere.

Research conducted by Watson in 2011 entitled "Corporate Social Responsibility and Tax Aggressiveness: An Examination of Unrecognized Tax Benefits" provides evidence that CSR activities carried out by companies can consistently reduce the level of corporate tax aggressiveness. This research used a sample of companies in the United States in 2007-2008 by using Ordinary Least Square (OLS) multiple regression analysis.

Another research was conducted by Watson (2012) entitled "Corporate Social Responsibility, Tax Avoidance, and Tax Aggressiveness". In this research the dependent variable is tax aggressiveness (ETR) and the independent variable is CSR. The statistical tool used is using OLS regression analysis which provides evidence that there is a negative relationship between CSR and the applicable tax rate (ETR).

The research conducted by Lanis and Richardson in 2012 entitled "Corporate Social Responsibility and Tax Aggressiveness: An Empirical Analysis" provides empirical evidence that the higher the level of CSR disclosure of a company, the lower the level of tax aggressiveness carried out. This research uses a sample of Australian public companies listed in the Aspect-Huntley Financial Database for the 2008-2009 period using tobit regression analysis.

The research conducted by Timothy in 2010 entitled "The Effect of Corporate Governance on Tax Aggressiveness" provides evidence that corporate governance affects tax aggressiveness. The dependent variable in the research is the tax aggressiveness that is proxied in ETR. The independent variable in this research is corporate governance that is proxied in the number of shares held by directors, independent directors, shareholder strength, minority shareholder strength, and tax rates. This research uses a sample of companies listed on the Hong Kong Stock Exchange using regression analysis.

2.3 Hypothesis Development

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 disclosures in annual reports to gain trust from the public. If the company still carries out excessive tax aggressiveness, then this will lead to negative perceptions from the community that will adversely affect the company in the future. The bad impact obtained by the company for violating social norms is it will experience decreasing number of sales because the people who know about the importance of CSR boycott the company's products and tend to be reluctant to buy these products (Watson, 2011). This might be one of the social sanctions given by the community to give a deterrent effect to companies that are not concerned with their social environment.

Based on the explanation above, of course, by conducting excessive and contrived tax aggressiveness, the company indirectly has ignored principles such as stakeholder theory and implementation of CSR. which should be applied as an entity. It can be seen, that legitimacy theory shows that companies that are aggressively taxing will tend to disclose additional information related to CSR activities in various fields in order to ease public attention and seek public sympathy (Deegan et. Al, 2002).

In essence in the current era, it is difficult to distinguish between CSR carried out with altruistic motives and CSR carried out with the aim of benefiting the company's reputation (William, 2007). The disclosure CSR of indonesian companies didn’t affect of their tax payable to government even though there are regulations that allow to reduce the tax expenses. The hypotheses of this research are stated as follows:

H0: The CSR disclosure does not have any effect on tax aggressiveness.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Types of Research

The purpose of this research was to determine the effect of CSR disclosures on the actions of tax aggressiveness that can be done by the company. This research is quantitative research using secondary data. This research is a form of research conducted to supplement knowledge through the development of further theory through testing hypotheses, namely testing whether the relationships obtained are indeed proven and, answers to research statements have been obtained.

3.2 Population and Sampling

In this research , the population used is manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2015 - 2017. Companies that have been listed on the IDX generally have financial reports that have been publicly published in a transparent manner on a regular basis, so that availability and convenience to obtain the required data can be fulfilled. The selection of manufacturing companies that are used as samples has the main purpose, namely, in accordance to the object of research that has been determined by manufacturing companies that have a strong attachment to CSR, seen from the operational side of the company where most influence the surrounding social environment. In addition, manufacturing companies are quite a number of companies in Indonesia, their financial statements also tend to be more complete so they can represent many other companies. In addition, manufacturing companies also have a high sensitivity to every incident both internal and external companies. In general, when compared to the type of financial services industry, the sample selection of manufacturing companies is considered to be more balanced in its components because it is not as consistent with the type of financial services industry in terms of government regulations that often change each year.

The sample is a subset of the population, consisting of several members of the population (Ferdinand, 2011). The sample is part of the population whose characteristics are to be investigated, and is considered to represent the entire population. Sampling in this research was conducted using the Purposive Sampling method. Purposive sampling method is sampling based on the consideration of the subject of the researcher, the sample is chosen based on the suitability of the characteristics with the specified sample criteria in order to obtain a representative sample.

Some of the criteria carried out for Purposive Sampling sampling in this research are as follows:

1. Manufacturing companies listed on the Indonesia Stock Exchange (IDX) publish financial and annual reports consistently and completely in 2015 - 2017.
2. The company discloses the CSR implementation program in the annual financial report.
3. The company declares the exchange rate in rupiah. The reason is because the rupiah is more stable and does not easily fluctuate compared to foreign currencies, so it can be easier to determine and standardize its value.

4. The company does not suffer losses during the period 2015 - 2017. This is because it will cause the ETR value to be negative so that it will complicate the calculation.

Based on the criteria mentioned, samples taken from companies listed on the IDX and fulfilling these requirements are as many as 14 manufacturing companies in Indonesia during the period 2015-2017.

The following are the stages of sample selection based on predetermined criteria:

Table 3.1
The Stages of Sample Selection

No.	Information	total
1.	Manufacturing companies listed on the IDX during the period 2015-2017	151
2.	Companies that do not publish annual reports (including CSR disclosures) during the 2015-2017 period	(36)
3.	Incomplete companies publish financial statements for the period 2015-2017	(85)
4.	Companies that suffered losses during the research year	(5)
5.	Companies that do not declare financial statements at the exchange rate of the rupiah	(11)
6.	Total Company	14
7.	Total Research Samples (14 x 3)	42

Based on the sample description of this research, the following is a list of companies that have met the sample criteria:

Table 3.2
List of Research Sample Companies

No.	Kode	The name of the company
1.	GGRM	PT Gudang Garam Tbk.

2.	HMSP	PT Hanjaya Mandala Sampoerna Tbk.
3.	WIIM	PT Wismilak Inti Makmur Tbk.
4.	INDF	PT Indofood Sukses Makmur Tbk.
5.	KAEF	PT Kimia Farma (Persero), Tbk.
6.	KLBF	PT Kalbe Farma Tbk.
7.	UNVR	PT Unilever Indonesia Tbk.
8.	CINT	PT Chitose International Tbk.
9.	ASII	PT Astra International Tbk.
10.	AUTO	PT Astra Otoparts Tbk.
11.	SMGR	PT Semen Indonesia (Persero), Tbk.
12.	ALDO	PT Alkindo Naratama Tbk.
13.	ULTJ	PT Ultrajaya Milk Industry & Trading Company Tbk.
14.	STTP	PT Siantar Top Tbk.

3.3 Research Variables

In this research, the variable used is as follows:

3.3.1 Independent Variable (X)

Independent variable is a variable that will influence or that is the cause of the change or the emergence of dependent variables (Sugiyono, 2010). The independent variable used in this research is CSR. It is a follow-up of the company's commitment to act ethically and contribute to economic development in order to improve the quality of life for both workers and their families, local communities, and communities in the broader environment in general (Holme and Watss, 2006). With the CSR actions of the company, the company is expected to not only pursue short-term profits, but also be expected to contribute to improving the welfare and quality of life of the community and the long-term environment.

The variable level of CSR activity is measured using the CSR disclosure index proxy. The items of CSR disclosure from the GRI sustainable guidelines (G4 Sustainability Reporting Guideline) are used to develop CSR disclosure indexes from those conducted by sample companies in the annual report. Thus, the proxies used for CSR differ from those carried out by (Lanis and Richardson, 2011 and Davis et al, 2013).

In accordance to G4 Sustainability Reporting Initiative, there are social and environmental reporting sub categories. This sub category is used as a sub variable of CSR. The subvariables are:

1. Environment
2. Employment
3. Human rights
4. Society
5. Product responsibility
6. Economy

Environmental sub-categories consist of 12 aspects of disclosure, the most active subcategory consists of 8 disclosures, the human rights subcategory consists of 9 aspects of disclosure, the social subcategory consists of 7 aspects of disclosure, the subcategory of product responsibility consists of 5 disclosure aspects, and the economic subcategory consists of 4 aspects disclosure. The disclosure aspect box is 46 so that the maximum CSR disclosure score is 46. The formula for calculating CSRI is as follows:

$$CSRi = \frac{\Sigma Xyi}{ni}$$

1. CSRi: Extensive index of disclosure of social and environmental responsibility of company i.
2. ΣXyi: value 1 = if item y is expressed; 0 = if item y is not disclosed.
3. *ni*: number of items for company i, ni ≤ 46.

3.3.2 Dependent Variable (Y)

The dependent variable is the variable that is affected by the result of the existence of independent variables. It is said to be a dependent variable because this variable cannot stand alone and is influenced by independent variables. The dependent variable in this research is tax aggressiveness. Tax aggressiveness is an action taken by a company with the desire that the company can minimize the tax expenses paid in a legal or illegal manner. This of course can be classified as a barrier in tax collection resulting in reduced state cash receipts. Tax aggressiveness is a corporate strategy that is not in line with community expectations (Lanis and Richardson, 2013).

In this research, the act of tax aggressiveness is projected using the Effective Tax Rate (ETR) formula. This ETR is measured using the proxy model Lanis and Richardson (2012). ETR is used to measure the level of tax aggressiveness in a company, where later the results of these considerations illustrate the level of tax aggressiveness carried out by a company. ETR is calculated using the following formula:

$$ETR = \frac{\text{Total Tax Expenses}}{\text{Profit Before Tax}}$$

3.4 Data Collection Method

The data used in this research uses secondary data, namely data obtained from other parties or obtained indirectly from the first source in finished form which is mostly documentary. The research data are in the form of manufacturing company financial report data and annual reports, as well as reports on social responsibility disclosures listed on the IDX during the period 2015-2017. With these data, the researcher will get data to later be used in examining tax aggressiveness, and disclosure of CSR in the company. In this research, the data collection methods used are as follows:

1. Archive Data Collection Techniques

   Data collection techniques that can be used are data collection techniques in the database (documentation) (Jogiyanto, 2010). The data obtain in this research are collected from IDX.

2. Research the Library

   Library research is research by collecting data and materials that have something to do with the object of research, which is obtained through library research, namely by studying researches, studying accounting books, and journals. Library research also studies the literature and reads the learning notes related to the problem to get the theory, definition, and analysis that can be used in this research.

3.5 Data Analysis Method

After data collected by the author is considered sufficient, the researcher analyzes the data that has been described as follows:

3.5.1 Descriptive Statistics

Descriptive Statistics is a method of analysis relating to the collection and presentation of data to provide useful information. In general, there are two kinds of ways to describe a research variable, namely the presentation in the form of tables and graphs.

3.5.2 Classical Assumption Mehod

The classic assumption test is a requirement that must be fulfilled in simple linear regression analysis. The classic assumption test is used to determine whether the data used is feasible to be analyzed, because not all data can be analyzed regression. In this research, there are 3 kinds of classic assumption tests, namely normality test, heteroscedacity test, and autocorrelation test. The explanation of the types of classic assumption tests is as follows:

3.5.2.1 Normality Test

The normality test can be defined to find out whether the dependent variable, independent variable, or both are normally distributed, close to normal, or not (Husein Umar, 2011). In essence, the normality test aims to test whether in the regression model the disturbance or residual has a normal distribution.

As it is well known, the t and F tests assume that the residual value follows a normal distribution. If the resulting residual value is not normally distributed, then the statistical test becomes invalid. One way to detect whether a variable is normally distributed is by looking at the spread of data on the diagonal axis of the graph or looking at the residual histogram.

In this research, the normality test was carried out by histogram and P plot test. The basis of this normality testing is:

1. It is said to be normally distributed, if the data spreads around the diagonal line and follows the direction of the line (H0).
2. It is said that it is not normally distributed, if the data spread far from the direction of the diagonal line and does not follow the direction of the line (H1).

3.5.2.2 Heteroscedasticity Test

The heteroscedasticity test aims to test whether the regression model occurs in a variety of residual inequalities, one observation to another observation. A good regression model is a model that is not heteroscedasticity or in other words the occurrence of homoscedasticity. One way to do this heteroscedasticity test is by looking at the plot graph between the predictive value of the independent variable (ZPRED) and the residual (SPRED). If there are certain plots, such as dots that provide regular, regular patterns (wavy, widened and then narrowed), heteroscedasticity has occurred. If there is no clear pattern, and the points spread above and below number 0 on the Y axis, there is no heteroscedasticity.

3.5.2.3 Autocorrelation Test

The autocorrelation test aims to test whether in a linear regression model there is a correlation between confounding errors in a certain period with a confounding error in the previous period. The autocorrelation test can be detected in various ways, one of which is using Durbin-Watson (DW test). Durbin Watson's testing mechanism according to Gujarati (2003) is as follows:

1. Formulate a hypothesis:

   Ho: no autocorrelation (r = 0)

   Ha: there is an autocorrelation (r ≠ 0)

2. Determine the value of d count (Durbin-Watson).
3. For a particular sample size and the number of independent variables, determine the upper limit (du) and lower limit (dl) values in the table.
4. Take decisions with the following criteria:

a. If 0 <d <dl, Ho is rejected means there is positive autocorrelation.

b. If dl ≤ d ≤ du, the area without decision (gray area), means the test does not produce conclusions.

c. If du <d <4 - du, Ho is not rejected, meaning there is no autocorrelation.

d. If 4 - du ≤ d ≤ 4 - dl, the area without a decision (gray area), means that the test produces no conclusions.

e. If 4 - dl <d <4, Ho is rejected, meaning there is positive autocorrelation.

3.6 Hypothesis Testing

The data analysis method used in this research is using a Simple Linear Regression model. This simple linear regression analysis is used to determine whether there is a relationship between the independent variable and the dependent variable. Regression models in this research are as follows:

Y = a + bX

Information:

1. Y = Tax Aggressiveness
1. a = Constant
2. b = Regression coefficient for X
3. X = CSR

3.6.1 Determinant Coefficient (R2)

The coefficient of determination (R2) is used to measure how far the ability of the model is in order to explain the variation of the dependent. The coefficient of determination is between zero and one. If the empirical R2 value is obtained in the empirical test, the adjusted R2 value is considered zero.

3.6.2 T-Test

Hypothesis testing (t test) is used to show how far the influence of an independent variable individually in explaining the variation of the dependent variable. The results of the t test can be seen in the coefficients table in the sig (significance) column. If the probability value or t significance is <0.05, it can be said that there is an influence between the independent variables on the dependent variable partially. However, if the probability of the value or t significance is > 0.05, it can be said that there is no significant effect between each independent variable on the dependent variable.

CHAPTER IV

FINDINGS AND DISCUSSIONS

4.1 General Description of Research Object

The population in this research are 151 Manufacturing Companies which divided into 3 sectors, namely basic and chemical industries, various industries, and consumer goods industries which are listed on the Indonesia Stock Exchange (IDX) in the period 2015-2017. In this research, the data used are secondary data in the form of annual reports that are published on the official website of the Indonesia Stock Exchange. The data used come from the company’s annual report which is processed using SPSS software.

A manufacturing company is a company whose activities manage raw materials become finished goods and then sells it to consumer. Generally activities like this are often called the production process. Manufacturing companies certainly have a reference and basic standards used by employees who work in every job or operational activity they do usually the standard reference is called the SOP (Standard Operating Procedure).

In this research, the researcher conducted a data selection process of companies listed on the Indonesia Stock Exchange (IDX) for 3 years in the period 2015-2017, totaling 14 manufacturing companies. Of the 14 companies that have been selected using purposive sampling, all financial statements have been obtained for 3 periods to calculate the required ETR value, and also the annual report for 3 periods to calculate the CSR index value. Therefore, it can be said that all aspects needed to conduct research have been fulfilled.

In this research, there are 2 variables, namely corporate social responsibility (CSR) as independent variable and tax aggressiveness as dependent variable. Both of these variables have their own proxy for calculating each variable.

1. Independent Variable (CSR)

   To calculate the independent variable in this research namely the disclosure of corporate CSR refers to a regulation stated by Law No. 40 of 2007 CHAPTER V Article 74 (verses 1 to 4). The proxy used to calculate the value of CSR is to use the CSRI (Corporate Social Responsibility Index), which is obtained by conducting a checklist on sample companies that disclose CSR in the annual report on the "Corporate Social Responsibility" section. The checklist conducted on the sample of this company is based on the sustainability reporting guideline (G4 Global Reporting Initiative) where there are 46 items of CSR disclosures that are used as a reference to checklist the sample companies. The 46 items are divided into 3 categories: environmental categories (12 items), social categories (4 sub categories namely Employment [8 items], Human Rights [10 items], Society [7 items], and Product Responsibilities [5 items]), and economic categories (4 items).

2. Dependent Variable (Tax Aggresiveness)

   Tax aggressiveness is the dependent variable used in this research. The proxy used to calculate the value of company aggressiveness is the Effective Tax Rate (ETR) which is also used in previous research by Lanis and

Richardson, 2012. In Indonesia, based on Income Tax Law No. 36 of 2008 Article 17 Paragraph 2 (b) states that tariffs Income tax is set at 25% for a company, where the rate can be used as a minimum standard reference to calculate and compare the ETR value of the sample company.

4.2 Descriptive Statistical Analysis

Descriptive statistical analysis is used to see the description or description of the data used as a sample. Descriptive statistics describes the distribution of data consisting of minimum values, maximum values, average values and standard deviation values for the data used in the research. The following are the results of descriptive statistics of the independent variables, namely corporate social responsibility (CSR), and the dependent variable which is tax aggressiveness.

Table 4.1
Descriptive Statistics

	N	Minimum	Maximum	Mean	Deviation Std.
Tax aggressiveness (Y)	42	10.80	34.87	24.9305	4.07471
CSR (X)	42	.09	.43	.2174	.08840
Valid N (listwise)	42				

Source: Data processed, 2018

From the table above it can be seen the statistical description of the variables used in this research. For the tax aggressiveness variable projected with an Effective Tax Rate (ETR) of 42 data, which consists of a minimum value of

10.80, a maximum value of 34.87, an average of 24.93, and a deviation standard of 4.07. This means value the ETR average is above the PPh rate based on Income Tax Law No. 36 of 2008 Article 17 Paragraph 2 (b) which is determined (by 25%) which means that the ETR value is quite high and it is possible for an indication of relatively low tax aggressiveness. And for the CSR variable projected with CSRI which shows how much the company's actions involved in conducting good business practices on the environment have a total of 42 data, which consists of a minimum value of 0.09, a maximum value of 0.43, an average of 0, 21, and a standard deviation of 0.08, which shows that the average Indonesian company revealed 10 aspects of CSR according to the GRI (G4 Sustainability Reporting Guidelines) guidelines.

4.3 Classical Asumption Test

This classic assumption testing aims to test the feasibility of the multiple regression model used in this research. This test is also intended to ensure that in the regression model used there is no multicollinearity and heteroscedasticity and to ensure that the data generated is normally distributed.

1. Normality test

This test is conducted to find out whether in a regression model, the residual value has a normal distribution or not. In the linear regression method, this is indicated by the amount of the random error (e) value that is normally distributed. A good regression model is normally distributed or near normal so that the data is feasible to be tested statistically. The normality test of this data is done by the Kolmogorof-Smirnov test based on probability (Asymptotic Significance).

The testing criteria are as follows: (Priyatno, 2014: 94)

1. If the value is Significance (Asym Sig 2 tailed)> 0.05, then the residual data is normally distributed.
2. If the value is Significance (Asym Sig 2 tailed) ≤ 0.05, then the residual data is not normally distributed.

The results of the normality test are presented in the following table:

Table 4.2
Normality Test of the Kolmogorov-Smirnov Method
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		42
Normal Parameters[a]	Mean	.0000000
	Std. Deviation	3.96869582
Most Extreme Differences	Absolute	.167
	Positive	.167
	Negative	-.132
Kolmogorov-Smirnov Z		1.085
Asymp. Sig. (2-tailed)		.190

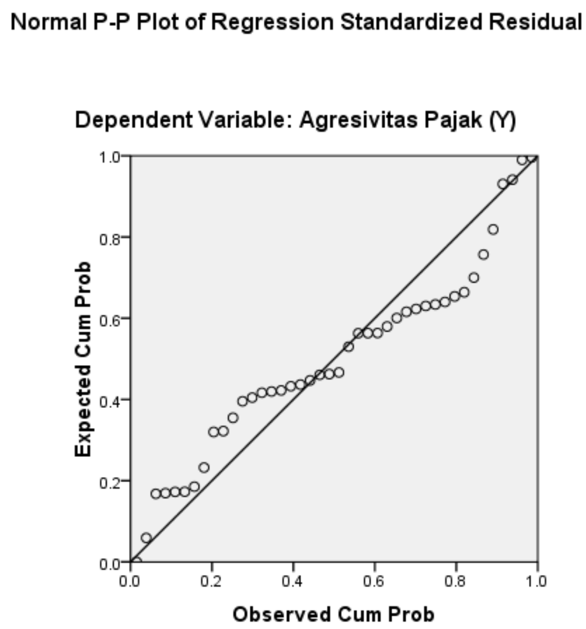
Source: Data processed, 2018

From the table above it can be seen that the significance value of Asymp Sig 2 tailed for the residual value is 0.190. Because the value is above 0.05, the residual is normally distributed.

Another way to detect it is to look at the spread of data on diagonal sources in the Normal P-P chart. Plot of regression standardized as the basis for its decision making. If it spreads around the line and follows the diagonal line, the regression model is normal and feasible to be used to predict the independent variable and vice versa. (Ghozali, 2016)

The results of the normality test can be seen in the regression output in the P-Plot Normal Chart image.

Figure 4.1
Normality Test



Sumber: Data diolah, 2018

From the picture above, it can be seen that the points spread around the line and follow the diagonal line, the regression model is normal.

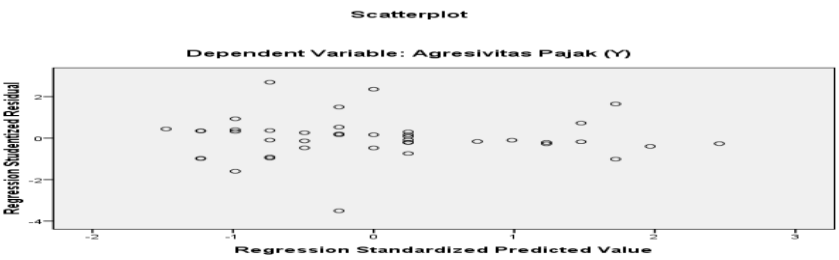
2. Heteroscedasticity Test

Heteroscedasticity is a situation where the variance of the residual inequality occurs in the regression model. A good regression model requires the absence of heteroscedasticity problems. This test aims to test whether in a regression model, there is an inequality of variance from a residual observation to other observations. If the residual variance of an observation to another observation remains, this is called Homoscedasticity, but if the variance is different, it is called heteroscedasticity.

To detect the presence or absence of heterocedasticity by looking at the pattern of dots on the regression scatterplots. If the points spread with an unclear pattern above and below the number 0 on the Y axis there is no problem with heteroscedasticity. (Ghozali, 2016: 134)

The results of heteroscedasticity test can be seen in the output regression on the Scatterplot image:

Figure 4.2
Heteroscedasticity Method



Source: Data processed, 2018

It can be seen that the points spread is described in an unclear pattern above and below the number 0 on the Y axis. So it can be concluded that there is no problem of heterocedasticity in the regression model. Therefore, it can be said that the regression model is feasible to use to predict the dependent variable Tax aggressiveness is based on the input of the independent variable corporate social responsibility.

Another way of heteroscedasticity test is by using the Glejser test, which is done by regressing the absolute value of the residual obtained from the regression model as the dependent variable on all independent variables in the regression model. If the regression coefficient of each independent variable in this regression model is not statistically significant, it can be concluded that there is no heteroscedasticity (Ghozali, 2016: 138).

The results of heteroscedasticity tests are presented as follows:

Table 4.3
Heteroscedasticity Test Results (Glejser Test Method)
Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.625	1.231		2.945	.005
	CSR (X)	-4.690	5.253	-.140	-.893	.377

Source: Data Processed, 2018

From the table above, it can be seen that the CSR variable has a significance value of 0.377, more than 0.05 (not significant). Therefore, it can be concluded that the regression model does not have any problem of heteroscedasticity.

3. Autocorrelation Test

Autocorrelation is a condition in which the occurrence of a correlation from the residuals for observing one with another observation is arranged according to time series. A good regression model requires no autocorrelation problems. If there is a correlation, there is also an autocorrelation problem. The problem of autocorrelation will result in the confidence interval the estimation results will widen, so the significance test becomes weaker.

Decision making in the autocorrelation test is as follows: (Priyatno, 2014: 106).

a. DU <DW <4-DU then H0 is accepted, there is no autocorrelation
b. DW <DL or DW> 4-DL then H0 is rejected, autocorrelation occurs
c. DL <DW <DU or 4-DU <DW <4-DL then there is no conclusion.

The Durbin Watson value can be seen in the Regression output, presented as follows:

Table 4.4
The Result of Autocorellation
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.227[a]	.051	.028	4.01800	1.653

a. Predictors: (Constant), CSR (X)
b. Dependent Variable: Tax aggresiveness (Y)
Source: Data processed, 2018

It can be seen that the Durbin Watson value is 1,653. Whereas from the DW table with a significance of 0.05 and the amount of data (n) = 42, and k = 1 (k is the number of independent variables), the value of dl is 1.456 and du is 1.553. Because the DW value (1,653) is in the area between DU <DW <4-DU, then Ho is accepted and it can be concluded that there is no problem of autocorrelation.

4.4 Simple Linear Regression and Hypothesis Testing

1. Simple Linear Regression Equations

The data analysis method used is simple linear regression with the use of the least squares equation (Ordinary Least Square) in estimating the model. Simple linear regression is used to determine the functional relationship between one dependent variable (Y) with one independent variable. The linear regression model can be formulated as follows:

$$Y = a + bX$$

Where :

Y= Dependent variable in this case Tax Aggressiveness

a = constant, shows the value of Y when X = 0

b = regression coefficient, is the amount of change in variable Y due to changes in variable X.

X = Independent variable (free) in this case CSR

The results obtained after the data is processed with the help of the SPSS program are presented in the following table:

Tabel 4.5
The Analysis of simple Linear Regression
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	22.660	1.663		13.626	.000
	CSR (X)	10.446	7.098	.227	1.472	.149

Dependent Variable: Tax Aggressiveness (Y)
Source: Data processed, 2018

The regression equation is as follows:

Y = 22,660 + 10,446X

a. Constants of 22,660; meaning that if the CSR value is 0, the tax aggressiveness is 22,660.
b. The regression coefficient of CSR variable (X) is 10.446; meaning that every increase in CSR is 1 unit, it will increase tax aggressiveness by 10,446.

2. T-Test

The t test on simple linear regression is used to determine whether there is an influence between one independent variable on one dependent variable. The results of the t test obtained are presented as follows:

Table 4.6
T-Test results
Coefficients

Model		t	Sig.
1	(Constant)	13.626	.000
	CSR (X)	1.472	.149

a. Dependent Variable: Agresivitas Pajak (Y)
Source: Data processed, 2018

The testing steps are as follows:

1. Determine the null hypothesis and alternative hypothesis

Ho: b = 0 (CSR does not affect the tax aggressiveness of a company)

Ha: b ≠ 0 (CSR influences the company's aggressiveness)

2. Determine t count

Based on the table above obtained t count equal to 1.472

3. Determine t table using a significance level of 0.05

Table t can be seen in the attachment at the significance of 0.05 with the degree of freedom (df) n-2 or 42-2 = 40. By testing the two sides of the results obtained for t table of 2.021 / -2.021.

4. Test criteria

- Ho is accepted if -t counts ≥ -t table or t count ≤t table

- Ho is rejected if -t calculates <-t table or t count> t table

5. Comparing tcount to t table

Tcount <ttable (1.472 <2.021), then Ho is accepted

6. Make conclusions

Because the value of tcount <ttable (1.472 <2.021), then Ho is accepted, meaning that CSR does not affect the company's aggressive aggressiveness

3. The Analysis of Determinant coefficient (*R Square*)

The value of determination shows how much the percentage of the regression model is able to explain the dependent variable. The limit of R2 is $0 \leq R2 \geq 1$ so that if R2 equals zero (0) means that the non-free variable cannot be explained by the independent variable simultaneously, whereas if R2 is equal to 1 means that the independent variable can explain the non-independent variable simultaneously.

The results of the analysis of determination (R2) obtained after the data are processed are presented in the following table:

Table 4.7
Determination Coefficient Analysis Results
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.227[a]	.051	.028	4.01800	1.113

a. Predictors: (Constant), CSR (X)
b. Dependent Variable: Tax aggressiveness (Y)
Source: Data processed, 2018

Based on the table above, the R2 value is 0.051 (5.1%). This shows that the variation of the independent variables used in the model (CSR) is only able to explain as much as 5.1% of the variation in tax agrisivity variables, and the rest is explained by other variables which are not included in this research model. The previous study shows R2 value about 14.16%. Accordingly to support their H1, the higher the level of CSR activites of a corporation, the lower is the level of tax aggressiveness.

4.5 Research Interpretation

This study will provide evidence and confirm the influence of corporate CSR activities on corporate tax aggressiveness in the context of Indonesia as a developing country. Previous research was only conducted in the context of developed countries which is Australia. In fact, Australia and Indonesia had different tax law that could be benchmark for conducting this research. In contrast to previous studies, CSR activities use CSR disclosure proxy based on sustainable reporting guidelines issued by the G4 Global Reporting Initiatives that differ from previous study by used their own "broad-based" of CSR agenda annual report in Australia companies.

The results of this research indicate that the disclosure of CSR of a company does not have any effect on tax aggressiveness. From the data that has been obtained using SPSS above, it shows that tax aggressiveness doesn't have any influence on the CSR of a company. This can be indicated by the phenomena and regulations in Indonesia that according to Law no. 40 of 2007 concerning CSR, that in fact by including the value of CSR disclosure as a deduction from the tax expenses, a company can reduce the tax expenses received by a maximum of 5% according to the applicable law. However, from the data obtained, the existing companies have a high average ETR value as well as a fairly high average index of disclosure value, it can be concluded that manufacturing companies in Indonesia disclose their CSR in the annual report. The aim is not to reduce the tax expenses, but they are more concerned with the Tripple Bottom Line principle, as expressed by one cigarette company, Sampoerna in its annual report. PT. Hanjaya Mandala Sampoerna revealed that now the company has a more general approach, namely economic, environmental and social. PT. Sampoerna is aware that their main goal is not only to increase profits and increase dividends for shareholders, but also the continuity and harmony of their companies with the surrounding environment and social environment. Having a good relationship with the community will certainly increase the value of their company in the eyes of shareholders, and also by maintaining the surrounding environment will be able to improve performance by minimizing the presence of natural disasters in the future. In other words, by maintaining good relations with the environment and social, automatically the economic value of a company will increase by itself.

CHAPTER V

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

Based on the results of the research and discussion relating to the effect of disclosure of CSR on Tax Aggressiveness, as well as the discussions that have been conducted in chapter IV, the purpose of this study is to determine the effect of CSR disclosures on tax aggressiveness in Manufacturing companies listed on the Indonesia Stock Exchange for the period 2015-2017.

The type of research used is quantitative. The population used in the study are all Manufacturing companies listed on the Indonesia Stock Exchange in 2015-2017, with the sampling technique using purposive sampling so that a sample of 14 Manufacturing companies that have met the criteria is obtained.

In this study the measurement of the tax aggressiveness variable uses the ETR and CSR variable uses the measurement of the CSR Index. The disclosure of CSR does not affect the tax aggressiveness of a company. This is indicated by the t test obtained by the value of t-count<t-table (1.472 <2.021), so that Ho is accepted. The contribution of the effect of the CSR variable on tax aggressiveness is 5.1%. This is indicated by the R square value of 0.051 or 5.1%.

5.2 Research Limitations

Some of the limitations in this study and need to be considered are the data only limited to 42 data numbers (n) and only covers manufacturing companies listed on IDX during the period 2015 - 2017, so the results of the study are inaccurate if they are aimed at a wider population, and this research is only limited to the use of one independent variable, namely CSR, considering there are many other factors that also influence tax aggressiveness.

5.3 Suggestions for Future Research

After analyzing and observing all the limitations, the researcher gives suggestions for further research to be able to use more data, for example 100 companies and several types of corporate sectors on the IDX, so the results of the study will be more valid and have a wider population, and to be able to use more independent variables and vary again, so it is expected that the results of the study will be more valid and provide deeper information.

Meanwhile, organizations or institutions that stating disclosure of CSR are expected to provide more detailed explanations of CSR indicators so there are no different assumptions in understanding indicators between researchers.

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APPENDICES

Appendix 1 – CSR Disclosure Items

Category	Code	No.	CSR Disclosure Item (aspect)
Environment	A	1	Material
		2	Energy
		3	Water
		4	Biodiversity
		5	Emission
		6	Effluent and Waste
		7	Products and Services
		8	Obedience
		9	Transportation
		10	Etc.
		11	Supplier Assessment of the Environment
		12	Environmental Problem Complaints Mechanism
Employment	B	1	Staffing
		2	Industrial relations
		3	Training and Education
		4	Diversity and equality of opportunity
		5	Equality of Men and Women Remuneration
		6	Supplier Assessment of Labor Practices

		7	Employment Complaints Mechanism
		8	Occupational Health and Safety
Human Rights	C	1	Invest
		2	Non-discrimination
		3	Freedom of Association
		4	Child labor
		5	Forced / Compulsory Workers
		6	Security Practices
		7	Customary Rights
		8	Supplier Assessment of Human Rights
		9	Complaints Mechanism on Human Rights Issues
		10	Assessment
Society	D	1	Local Community
		2	Anti Corruption
		3	Public policy
		4	Anti Competition
		5	Obedience
		6	Supplier Assessment of Community Impacts
		7	Community Impact Complaints Mechanism
Product Review	E	1	Customer Health and Safety
		2	Labeling of Products and Services
		3	Marketing Communication

		4	Customer Privacy
		5	Obedience
Economy	F	1	Economic performance
		2	Market Existence
		3	Indirect Economic Impact
		4	Procurement Practices

Appendix 2 – Average ETR and CSR Indexes (2015-2017)

No.	Code	Index CSR	ETR
1.	GGRM	5,66	25,40 %
2.	HMSP	11,33	25,19 %
3.	WIIM	10,33	24,69 %
4.	INDF	11,33	33,99 %
5.	KAEF	13,66	26,83 %
6.	KLBF	10	24,20 %
7.	UNVR	15,66	25,31 %
8.	CINT	7,66	25,70 %
9.	ASII	6,66	19,62 %
10.	AUTO	9,33	24,70 %
11.	SMGR	14	19,68 %
12.	ALDO	11	25,36 %
13.	ULTJ	8,33	26,62 %
14	STTP	5	21,69 %

Appendix 3 – Companies ETRs Value (2015-2017)

No	The name of the companies	Year	Effective tax rate
1	PT Gudang Garam Tbk.	2015	25,27%
		2016	25,28%
		2017	25,69%
2	PT Hanjaya Mandala Sampoerna Tbk.	2015	25,61%
		2016	24,97%
		2017	25%
3	PT Wismilak Inti Makmur Tbk.	2015	26,34%
		2016	22,22%
		2017	25,51%
4	PT Indofood Sukses Makmur Tbk.	2015	34,87%
		2016	34,29%
		2017	32,81%
5	PT Kimia Farma (Persero), Tbk.	2015	25,17%
		2016	29,09%
		2017	26,23%
6	PT Kalbe Farma Tbk.	2015	24,37%
		2016	23,94%
		2017	24,31%
7	PT Unilever Indonesia Tbk.	2015	25,25%
		2016	25,44%
		2017	25,25%
8	PT Chitose International Tbk.	2015	27,68%

		2016 2017	26,81% 22,62%
9	PT Astra International Tbk.	2015 2016 2017	20,46% 17,75% 20,65%
10	PT Astra Otoparts Tbk.	2015 2016 2017	25,57% 25,50% 23,05%
11	PT Semen Indonesia (Persero), Tbk.	2015 2016 2017	22,65% 10,80% 25,61%
12	PT Alkindo Naratama Tbk.	2015 2016 2017	25,80% 25,46% 24,82%
13	PT Ultrajaya Milk Industry & Trading Company Tbk.	2015 2016 2017	25,34% 23,87% 30,65%
14	PT Siantar Top Tbk.	2015 2016 2017	19,95% 20% 25,13%

Appendix 4 – Companies CSRs Value (2015-2017)

No	Name of the company	Year	Item disclosed	Value index CSR
1	PT Gudang Garam Tbk.	2015	4	0,086956522
		2016	6	0,130434783
		2017	7	0,152173913
2	PT Hanjaya Mandala Sampoerna Tbk.	2015	6	0,130434783
		2016	13	0,282608696
		2017	15	0,326086957
3	PT Wismilak Inti Makmur Tbk.	2015	11	0,239130435
		2016	11	0,239130435
		2017	9	0,195652174
4	PT Indofood Sukses Makmur Tbk.	2015	7	0,152173913
		2016	10	0,217391304
		2017	17	0,369565217
5	PT Kimia Farma (Persero), Tbk.	2015	5	0,108695652
		2016	16	0,347826087
		2017	20	0,434782609
6	PT Kalbe Farma Tbk.	2015	11	0,239130435
		2016	8	0,173913043

		2017	11	0,239130435
7	PT Unilever Indonesia Tbk.	2015	18	0,391304348
		2016	14	0,304347826
		2017	15	0,326086957
8	PT Chitose International Tbk.	2015	6	0,130434783
		2016	9	0,195652174
		2017	8	0,173913043
9	PT Astra International Tbk.	2015	7	0,152173913
		2016	6	0,130434783
		2017	7	0,152173913
10	PT Astra Otoparts Tbk.	2015	10	0,217391304
		2016	8	0,173913043
		2017	10	0,217391304
11	PT Semen Indonesia (Persero), Tbk.	2015	17	0,369565217
		2016	9	0,195652174
		2017	16	0,347826087
12	PT Alkindo Naratama Tbk.	2015	11	0,239130435
		2016	11	0,239130435
		2017	11	0,239130435
13	PT Ultrajaya Milk Industry & Trading Company Tbk.	2015	9	0,195652174

		2016	7	0,152173913
		2017	9	0,195652174
14	PT Siantar Top Tbk.	2015	5	0,108695652
		2016	5	0,108695652
		2017	5	0,108695652