

Analysis of *Transfer Pricing, Thin Capitalization, And tax Haven Utilization* against Tax Avoidance Moderated by *Corporate Social Responsibility* (Empirical Study on Listed Manufacturing Companies in Indonesia Stock Exchange)

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Abstract: *This study aimsto analyze the influence of transfer pricing, thin capitalization, and tax haven utilization against tax avoidance. In this study, Corporate Social Responsibility is used as a moderating variable following the use of secondary data from manufacturing companies as listed in the stock exchange over 2015-2017. Samples taken by using purposive sampling method and obtain 189 sampel consist of 63 companies during three years period. The method of testing the data used in this study is panel data regression analysis and descriptive statistics by using Eviews 9. The outcome of this study showed that the transfer pricing has significant effect on tax avoidance, while thin capitalization and tax haven utilization have no significant effect on tax avoidance. Corporate social responsibility as moderating variable has significant influence on transfer pricing and tax avoidance, but Corporate social responsibility despite to be moderating variable has no significant influence on thin capitalization and tax haven utilization and on tax avoidance.*

Keywords: ETR, tax avoidance, transfer pricing, thin capitalization, tax haven utilization, corporate social responsibility

1. Background

Tax avoidance practices that occur in Indonesia were very detrimental to the national state. Based on data from Illegit Financial Flows from the Developing World over 2008-2016 as released by Global Financial Integrity (GFI) in 2017, Indonesia was ranked as ninth position from the most disadvantaged countries due to the exit money that should go into the national state treasury during the period 2008-2016. The potential losses experienced by Indonesia over 2008-2016 were estimated at USD 180 billion. Of the above, 83.4% is from trade misinvoicing, including transactions aimed at tax evasion (www.gfintegrity.org).

One of the tax evasion cases in Indonesia was the tax case of PT Toyota Motor Manufacturing Indonesia (PT TMMI) in 2007. The Directorate General of Taxation found that PT TMMI evaded taxes with unpaid taxes of Rp 1.22 trillion. Tax evasion is done through a particular transaction scheme that involves pricing with an affiliated company or known as transfer pricing. PT TMMI is 95% owned by Toyota Motor Corporation Japan. The sales policy of Toyota group companies, that all sales in Asia Pacific must go through Toyota Motor Asia Pacific Pte in Singapore, which is a subsidiary of Toyota Motor Corporation Japan.

PT TMMI sells fortuneer products to its affiliated company Toyota Motor Asia Pacific Pte at a cheaper price of 3.49% of cost of goods sold. For other products namely Innova diesel and Innova gasoline are each sold 1.73% cheaper and 5.14% of the cost of production per unit. As for the export sales of Rush and Terios, Toyota Motor Manufacturing did

make a profit, but only 1.15% and 2.69% of the production cost per unit. Meanwhile, if the same product sold in the country generate profits between 3%-7%. Thus PT TMMI in Indonesia will bear the loss for every car sales to Singapore. It indicates a mismatch in sales transactions that are suspected to avoid income tax in Indonesia. The Directorate General of Taxation conducts an examination of PT TMMI in accordance with the authority stipulated in the provisions of tax laws. The examination by the Directorate General of Taxation stipulates that there is less tax of Rp .22 trillion which needs to be paid by PT TMMI (tempo.co investigation).

Another case of tax avoidance is PT RNI as a subsidiary of RMG Ltd in Singapore, which suffered losses for many years. Judging from its capital structure, this company relies on its debt of affiliates. In the financial statements of PT RNI in 2014, recorded a parent debt of Rp20.4 billion. While the company's turnover of only Rp2,178 billion. PT RNI also acknowledged losses retained in the same year valued at Rp26.12 billion (Bisniskeuangan.kompas.com). The actions of the parent company to give an injection of funds in the form of debt, and not in the form of capital is not without reason. By providing debt then RMG Ltd will be rewarded in the form of interest that is not taxed. From the side of PT RNI, the interest can also be deductible (deductible expense). Meanwhile, when providing capital, the return on the capital in the form of dividend will be taxed, and for PT RNI can not be paid (non deductible expense). So the transaction of PT RNI and RMG is one form of tax avoidance scheme. Tax evasion by PT RNI is done by establishing capital structure with high debt value and low capital, known as thin capitalization.

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With the development of information technology and the increasing opportunity of cross-border transaction (role of cross border transactions), the role of encouraging the development of business with various innovations. It will also create opportunities for companies to create tax avoidance transaction schemes to minimize their tax burden. (Darussalam and Septriadi, 2008). These transactions take advantage of the loopholes due to differences in terms and differences in tax rates to minimize their tax obligations. Some countries charge taxes at very low rates or do not even charge taxes known as Tax Haven Country. The Company utilizes the Tax Haven Country by attempting to shift its profits to the State Tax Haven Country through a series of complex transaction schemes in order to avoid taxes (Desai, 2002). The cases of Google, Amazon, HSBC, Apple, and Starbucks are some examples of tax avoidance schemes involving cross border transactions by utilizing the Tax Haven Country.

Tax evasion practices in the world generally involve transfer pricing, thin capitalization, controlled foreign corporation, and treaty shopping schemes (Rohatgi, 2007). Meanwhile Rahayu (2010), in addition to mention the scheme that has been proposed by Rohatgi (2007) also added tax avoidance scheme through tax haven utilization. Tax evasion is not easy to measure. This is due to the limited available data, especially in the absence of data Tax Returns (SPT) Tax or tax return for reasons of confidentiality (Hanlon, 2010). Therefore, researchers generally use proxies based on financial statement data to measure tax avoidance, such as by using Effective Tax Rate (ETR) and Book Tax Difference (BTD).

Various studies have been conducted to observe the factors that influence tax evasion. Dyreng et al (2010) examines the individual character of the executive and finds that the individual's character of the executive has a significant influence on tax evasion. Desai and Dharmaphala (2006) who examined incentive compensation found that incentive compensation had a significant effect on tax avoidance measures. The results of Desai Dharmaphala (2006) were supported by Amstrong et al (2014) study which found that management incentives have a significant positive effect on tax evasion. Higgins et al (2011), who examined the effect of corporate strategy on tax avoidance, found that firms that chose the strategy of reducing costs (defenders) avoided taxes less than firms that chose differentiation and aggressive products. Chen et al (2010) in his study found that family ownership has a negative effect on tax evasion.

Taylor and Richardson (2012) who examined tax evasion at companies listed on Australian stock exchanges, found that thin capitalization, transfer pricing, income shifting, mutinationality, and tax haven utilization had a significant relationship to tax evasion. This is in line with Rahayu's (2010) research results that the thin capitalization, tax haven, transfer pricing, controlled firm and treaty shopping schemes are still a way to avoid taxes in Indonesia especially by foreign capital companies (PMAs). Research Khomsatun and Martani (2015) reinforce the findings Rahayu (2010) and Taylor and Richardson (2012) that thin capitalization significant effect on tax avoidance. Nevertheless, different results are indicated by other studies. Tang (2002) research

as cited by Darussalam et al (2013) proves that only 43% of companies transfer pricing for the purpose of maximizing consolidated after-tax profits, while the rest are made for non-tax purposes such as measuring company performance in groups, maximizing sales volume, and other purposes. This means that transfer pricing is not solely used for tax evasion.

Belinda's (2016) study shows that intercompany transactions have no significant effect on tax avoidance. Furthermore, Mayangsari (2015) study proves that thin capitalization has no significant effect on tax evasion. The same is indicated by the results of research by Ismi and Linda (2016) that thin capitalization has no significant effect on tax evasion. Lanis and Richardson (2012) studied Corporate Social Responsibility (CSR), and found that there was a significant negative relationship between CSR disclosure and aggressive action to avoid taxation. According to Lanis and Richardson (2012), the higher the level of Corporate Social Responsibility disclosure the lower the aggressive action to avoid taxes. The results of Lanis and Richardson (2012) were in line with the research of Huseynov and Klamm (2012)

Based on the above matters, the researcher is interested to conduct research on the effect of transfer pricing, thin capitalization, and tax haven utilization on tax avoidance with corporate social responsibility as moderator variable. Transfer pricing, thin capitalization, and tax haven utilization based on literature and previous research are indicated as a means of tax avoidance so that it is expected to have a significant effect on tax evasion. While the disclosure of CSR is expected to moderate the influence of these three factors against tax evasion. The research object will take sample of manufacturing companies listed on the Indonesia Stock Exchange within the period of 2015.

Research Objectives

The objectives as achieved in this research are as follows.

1. To test whether the application of transfer pricing has an effect on tax evasion.
 - 1a. To test whether the transfer pricing influences tax avoidance by moderated corporate social responsibility.
2. To test whether thin capitalization has an effect on tax evasion.
 - 2a. To test whether thin capitalization affects tax avoidance by moderated corporate social responsibility.
3. To test whether tax haven utilization has an effect on tax evasion.
 - 3a. To test whether the transfer pricing influences tax avoidance by moderated by corporate social responsibility.
4. To test whether the corporate social responsibility has an effect on tax evasion.

2. Literature Review, Framework of Thinking and Hypotheses

The trade-off theory was expressed by Myers (1984). According to Myers (1984), the optimal debt ratio of a firm will usually be determined by trade off between the costs and benefits of debt, assuming company assets and constant investment plans. Companies are trying to balance the value

of interest tax benefits on the cost of financial distress. The company will try various combinations of debt and capital by replacing capital with debt, debt with capital, or adding debt again until an optimum point is obtained where the maximum value of the firm, which is the tax shields obtained equal to the cost of financial difficulties (financial distress). The costs of financial distress are bankruptcy costs or reorganization, and agency costs are increased as a result of the decline of a company's credibility.

In determining the optimal capital structure, trade-off theory incorporates several factors: taxes, agency costs and financial distress but retains market efficiency assumptions and symmetric information as a counterweight to the benefits and uses of debt. The optimal debt level is achieved when tax shields reach the maximum amount against the cost of financial distress. In the framework of trade off theory, managers will strive to maximize the composition of debt and capital in order to obtain tax benefits from the interest expense.

The theory of legitimacy is based on the phenomenon of social contact between an organization and society, where necessary a condition that the purpose of the organization should be congruent with the values that exist within a society. According to this theory, the organization's actions must have activities and performance acceptable to society. According to Gray et al. (1995), the legitimacy of an organization acquires when a condition or status system value of a congruent entity with a larger social value system in which the entity is one part of it.

In the context of the theory of legitimacy, a company is part of a larger social system of entities and individuals around it as stakeholders ie investors, creditors, consumers, government and society (Lanis and Richardson, 2012). Therefore, companies need to gain legitimacy from their stakeholders in order to maintain their survival. Corporate Social Responsibility activities are conducted by the company to show that the company's value system has been aligned with the social system in which it operates to gain legitimacy from the community. The Company discloses its Corporate Social Responsibility activities as an effort to gain legitimacy from its stakeholders in order to maintain its survival.

In general, the act of self-evasion of taxes is referred to as tax avoidance or tax evasion, while discouraging and degrading acts are referred to as tax evasion. Tax avoidance and tax evasion differences are found in their legality characteristics (Slemrod and Yitzhaki, 2002). Tax avoidance is still in the legal corridor while tax evasion violates applicable laws and regulations. Gunadi (2007) explains that tax avoidance must be distinguished from tax evasion which is generally illegal (illegal) and includes acts intentionally not reporting complete and true tax objects or other violations of the law (fraud).

Brown (2012) defines tax avoidance as follows: "Arrangement of a transaction in order to obtain a tax advantage, benefit, or reduction in a manner unintended by the tax law". While Lyon (1996) defines tax avoidance as follows: "A term to describe the legal arrangements of tax

payer's affairs so as to reduce his tax liability". Arnold and McIntyre (1995), as quoted by Gunadi (2007) states that tax avoidance is an avoiding and tax-saving effort that is still within the framework of complying with lawful fashion.

Tax avoidance is usually interpreted as a transaction scheme intended to minimize the tax burden by utilizing the weaknesses (loophole) provisions of a country's taxation (Darussalam, 2009). Tax avoidance occurs when a Tax Payer manages the transactions in such a way that benefits or benefits of weakness or ambiguity in the taxation provisions. Although it is legal and is not a fraud, it results in improper or arbitrary results. (Rohatgi, 2007). The Organization for Economics Cooperation and Development / OECD (2006) defines tax avoidances as follows: An arrangement of a taxpayer's affairs that is intended to reduce his liability and contradiction with the intent of the lawit purports to follow.

Suandy (2016) mentions that according to the fiscal affairs committee of the Organization for Economics Cooperation and Development (OECD) there are three characters of tax evasion as follows.

- a) The existence of an artificial element in which the arrangement as if there is in it but not,
- b) Often utilize loopholes of laws or the application of legal provisions that are not intended by lawmakers,
- c) The existence of confidentiality of the form of tax avoidance scheme, where Taxpayers and consultants who provide such schemes should keep the scheme as secretive as possible.

Stiglitz (1986) explains that there are three basic principles used in tax avoidance:

- a) Tax payment delay,
The taxpayer deferred the tax payment until the last moment or the time limit for tax payment due to time value of money;
- b) Taking advantage of different tax rates on an Individual Taxpayer,
An individual taxpayer is generally taxed progressively then an Individual Taxpayer shall endeavor to avoid taxation, which tends to lead to taxes at a low tariff;
- c) Take advantage of the tax object that is treated differently,
The difference in the tax treatment of a similar or mutually substitutable tax object shall encourage the Taxpayer to attempt to direct the tax object not subject to tax or be taxed at a lower rate

3. Framework for Thinking

Based on literature review, tax avoidance is done through transfer pricing, thin capitalization, and tax haven utilization methods. Furthermore, based on the results of previous research, it is known that transfer pricing, thin capitalization, and tax haven utilization have a significant effect on tax evasion. Therefore in this study transfer pricing, thin capitalization, and tax haven utilization is expected to have a significant effect on tax avoidance. While disclosure of corporate social responsibility based on previous research results have a significant effect on tax evasion. Corporate Corporate Social Responsibility disclosure can be used as a

way to predict tax avoidance measures. Therefore, it is expected that the disclosure of Corporate Social Responsibility can moderate the effect of transfer pricing, thin capitalization, and tax haven utilization on tax avoidance. Furthermore, the framework developed in this thesis is as illustrated in the following figure.

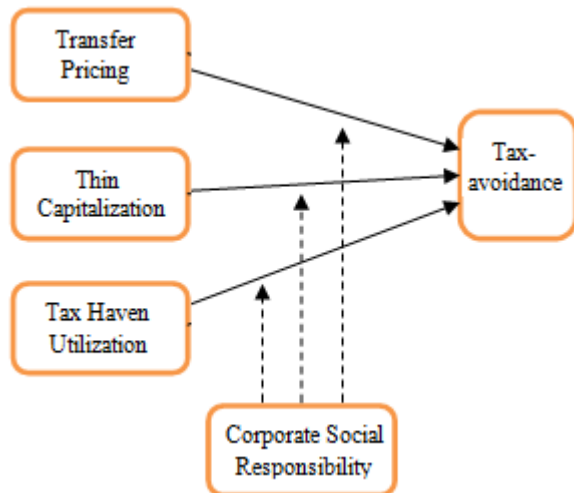


Figure 1: Framework

Hypothesis

1) The effect of transfer pricing on tax evasion

Based on the literature review it is known that pure transfer pricing can be used as a way to avoid taxes. Under the transfer pricing scheme, both parties with affiliated or privileged relationships may transfer the transfer price in such a way as to cause a shift of income to a country at a low tax rate, or to move costs to a country at high tax rates. This will result in reduced taxes that should be paid to the state. Past research by Taylor and Richardson (2012) proves that transfer pricing has a significant effect on tax evasion. Therefore, based on the above, the hypothesis is formulated as follows.

H1: Transfer pricing has a significant effect on tax evasion

While disclosure of corporate social responsibility based on previous research by Lanis and Richardson (2012) and Huseynov and Klamm (2012) have a significant effect on tax avoidance. Corporate Corporate Social Responsibility disclosure can be used as a way to predict tax avoidance measures. Disclosure of Corporate Social Responsibility is expected to moderate the effect of transfer pricing on tax avoidance, so the following hypotheses are formulated.

H1a: Transfer pricing has a significant effect on tax evasion by moderated by corporate social responsibility

2) The effect of thin capitalization on tax evasion

Based on trade off theory, a company will utilize debt up to a certain level to maximize tax savings. From the literature review it is known that thin capitalization can be used as one way to avoid taxes. By using thin capitalization scheme, the company will get tax benefit because it can charge interest from the loan, instead of having to pay dividends from unreachable capital. The thin capitalization scheme causes the company to be able to save on tax burdens, but for the state it will lead to a reduction in the amount of taxes that should be received. Past research by Taylor and Richardson (2012) and Khomsatun and Martani (2015) proves that thin capitalization has a significant effect on tax evasion.

Therefore, based on the above, the hypothesis is formulated as follows.

H2: Thin capitalization has a significant effect on tax evasion

While disclosure of corporate social responsibility, based on previous research results by Lanis and Richardson (2012) and Huseynov and Klamm (2012), have a significant effect on tax avoidance. Corporate Corporate Social Responsibility disclosure can be used as a way to predict tax avoidance measures. Disclosure of Corporate Social Responsibility is expected to moderate the effect of thin capitalization on tax evasion, so formulated hypothesis as follows

H2a: Thin capitalization has a significant effect on tax evasion by moderated by corporate social responsibility

3) The effect of tax haven utilization on tax evasion

Based on the literature review it is known that the tax haven country provides a gap and opportunity to obtain tax benefits derived from different tax treatment between countries (Kurniawan, 2015). The company uses tax haven country by establishing companies in countries then trying to shift its earnings from companies registered in other countries to companies in one group in tax haven country. This will cause the group of companies to pay only taxes at very low rates. While for other countries will result in reduced taxes that should be accepted. Past research by Taylor and Richardson (2012) proves that tax haven utilization has a significant effect on tax avoidance. Therefore, based on the above, the hypothesis is formulated as follows.

H3: Tax haven utilization has a significant effect on tax evasion

While disclosure of corporate social responsibility, based on previous research results by Lanis and Richardson (2012) and Huseynov and Klamm (2012), have a significant effect on tax avoidance. Corporate Corporate Social Responsibility disclosure can be used as a way to predict tax avoidance measures. Disclosure of Corporate Social Responsibility is expected to moderate the influence on tax evasion, so formulated hypothesis as follows

H3a: Tax haven utilization has a significant effect on tax evasion by being moderated by corporate social responsibility

4. Research Methods

The research method used in this study is explanatory survey. This method aims to test the hypothesis, which is generally a study that explains the phenomenon in the form of relationships between variables. This study is to examine the influence of independent variables namely transfer pricing, thin capitalization, and tax haven utilization to the dependent variable that is tax evasion, moderated by corporate social responsibility disclosure.

The research technique used by writer is inferential statistic that is statistical technique used to analyze sample data and the result is used for population. These statistics are called probability statistics, because the conclusions imposed for the population based on the samples are truths of opportunity (Sugiyono, 2016). So this technique is very suitable to be used to process quantitative data with the aim

to test the truth of a proposed new theory known as the hypothesis.

The unit of analysis used in this research is an organization that is an organization or companies engaged in manufacturing listed on the Indonesia Stock Exchange (BEI), so the data is about or derived from (response) a particular organization. The whole company will be researched and will see its relation to tax evasion.

Population and Sample

The population in this study are manufacturing companies listed on the Indonesia Stock Exchange from 2014 to 2016, with details as follows.

Table 3.1: Population Research

No	Description	2014	2015	2016
1	Chemical Industry Sector	66	65	66
2	Assorted Industry	39	41	41
3	Industry Sector of Consumer Goods	38	37	37
	Total	143	143	144

Source: www.idx.co.id, www.sahamok.com

Sampling in this research using purposive sampling technique. Purposive sampling is a technique of sampling using criteria that have been determined. The sample determination criteria used in this study are as follows:

- Companies listed in manufacturing sector in Indonesia Stock Exchange (BEI) consistently throughout the year 2014-2016
- Financial report data and annual report (annual report) in 2014-2016 has been published in the website of Indonesia Stock Exchange (www.idx.co.id)
- Has effective tax rate (ETR) between 0 and 1 for 2014-2016

Method of collecting data

The data used in this research is quantitative data. The data in this study are data that comes from the annual financial statements of issuers or manufacturing companies, namely comprehensive income statement, statement of financial position, and notes to the financial statements; as well as annual reports (annual report) that is in the form of data disclosure corporate social responsibility. The collection of data required in this study was conducted by the author in the following manner or method.

- Collecting and analyzing quantitative data from Issuer Financial Statements contained in the website of Indonesia Stock Exchange (www.idx.co.id);
- Collect and analyze quantitative data from the Annual Report already published on the website of the Indonesia Stock Exchange (www.idx.co.id)

5. Data Analysis Models and Methods

The analytical method used to answer the problem and test the hypothesis that has been proposed is using the technique of panel data analysis using software reviews 9. Ghozali (2013) quotes Hsiao (2003) explains that the use of panel data has several main advantages compared with the data type cross-section and time series, namely:

- Panel data can give researchers a large number of observations, increase the degree of freedom, reduce

collinearity among variables to produce efficient econometric estimates.

- Panel data can provide more information that can not be provided only by cross-section data or time series.
- Panel data can provide better resolution in dynamic change inference compared to cross section data.

The method used for the research problem involves a non-free variable (Y) whose data is a ratio scale that affects or is associated with more than one independent variable (X) whose ratio is measured by moderator moderated variable Z with ratio measurement scale. In this study, the dependent variable used is Tax Avoidance and the independent variables are transfer pricing, thin capitalization, and tax haven utilization, while the moderator variable is Corporate Social Responsibility.

Corporate Social Responsibility is included in the model to examine the moderating role of these variables in the study. The equation of the regression model can be written as follows:

$$ETR = a + b_1TP + b_2DER + b_3THav + b_4CSR + b_5TP * CSR + b_6DER * CSR + b_7THav * CSR + e$$

Information:

ETR = Tax Avoidance

a = Constant

b = regression coefficient

TP = Transfer Pricing

DER = Thin Capitalization

THav = Tax Haven Utilization

CSR = Corporate Social Responsibility

e = Error

Determination of Estimation Method

Regression model estimation method with panel data can be done through three approaches:

- Common Effect Model or Pooled Least Square**
Common Effect Model or Pooled Least Square is the simplest model panel data approach because it only combines time series and cross section data. The approach used in this model ignores the time and space dimensions that panel data possess. This method can use the Ordinary Least Square (OLS) approach or the least squares technique to estimate the panel data model.
- Fixed Effect Model or Least Square Dummy Variable (LSDV) Model**
The Fixed Effect Model assumes that differences between individuals can be accommodated from different intercepts. To estimate Fixed Effects model panel data using a dummy variable technique to capture the difference between intercept companies.
- Random Effect Model**

The Random Effect Model estimates panel data where interference variables may be interconnected between time and between individuals. In the Random Effect model, the difference between intercepts is accommodated by the error terms of each company. The most appropriate model to estimate this model is generalized least square (GLS).

To determine the most appropriate estimation method for the regression model with panel data is performed by performing tests or tests as follows:

1) Chow test

Chow test is a test to determine which model or approach is best used in estimating panel data between Common Effect or Fixed Effect models. If Chow Test result shows $> 0,05$ result then Common Effect model is chosen, whereas if Chow test result shows $<0,05$ then Fixed Effect model is chosen.

2) Hausman Test

Hausman test is a test to determine which model or approach is best used in estimating panel data between model of Fixed Effect or Random Effect. If Hausman test result shows $> 0,05$ result then Random Effect model is selected, while if Hausman test result shows $<0,05$ result Fixed Effect model is chosen.

3) Lagrange Multiplier Test (LM Test)

The Lagrange Multiplier test is a test to determine which model or approach is best used in estimating panel data between Common Effects or Random Effect models. If the result of Lagrange Multiplier Test shows result $> 0,05$ then Common Effect model is chosen, whereas if Chow test result shows $<0,05$ result then Random Effect model is chosen.

6. Result

1) Determination Coefficient Test Results (R^2) obtained by adjusted R^2 of 0.0674 or 6.74%. 6.74% of Tax Avoidance (ETR) variables are influenced by independent variables Transfer Pricing (TP), Thin Capitalization (DER), and Tax Haven Utilization (THAV); Moderating variable of Corporate Social Responsibility (CSR), as well as variables TP * CSR, DER * CSR, and THAV * CSR. While the remaining 93.26% is affected by other variables outside the variables received.

2) The results of the statistical test F obtained by the Prob value (F-statistic) is 0.006. The probability value is smaller than 0.05 so that it can be concluded that the independent variables are Price of Transfer (TP), Thin Capitalization (DER), and Tax Haven Utilization (THAV); and the moderating variable of Corporate Social Responsibility (CSR) together has a significant influence on the dependent variable Tax Avoidance (ETR).

3) The results of the t statistics are as follows:

a) The Transfer Pricing variable (TP) has a beta coefficient of -0.531 and a significance of 0.0016. Significance value of 0.0016 is smaller than 0.05, H_0 is rejected and H_1 is accepted. From the results of the t test it can be concluded that the price of transfer prices partially have a significant effect on the tax avoidance variable (ETR). Rahayu (2010), Taylor and Richardson (2011), as well as Mayangsari (2016) who found that prices transfer significantly towards Tax Avoidance.

b) Variable Thin Capitalization (DER) has a beta coefficient of -0.030 and a significance of 0.3939. Significance value of 0.3939 greater than 0.05, H_0 is accepted and H_1 is rejected. From the results of the t test it can be

concluded that the Thin Capitalization (DER) variable partially has no significant effect on the Tax Avoidance variable (ETR). The results of the study are in accordance with the results of Ismi and Linda (2016) and Mayangsari (2016)

c) The variable Tax Haven Utilization (THAV) has a beta coefficient of 0.083 and a significance of 0.3714. Significance value of 0.3714 greater than 0.05, H_0 is accepted and H_1 is rejected. From the results of the t test it can be concluded that the Tax Haven Utilization (THAV) variable partially has no significant effect on the Tax Avoidance variable (ETR).

d) The variable Corporate Social Responsibility (CSR) has a beta coefficient of -0.412 and significance of 0.0493. Significance value of 0.0493 is smaller than 0.05, H_0 is rejected and H_1 is accepted. From the results of the t test it can be concluded that the variable Corporate Social Responsibility (CSR) partially has a significant effect on the Tax Avoidance variable (ETR).

e) The TPxCSR variable has a beta coefficient of 0.697 and a significance of 0.0471. Significance value of 0.0471 is smaller than 0.05 then H_0 is rejected and H_1 is accepted. The TPxCSR variable is a multiplication interaction between Transfer Pricing (TP) and Corporate Social Responsibility (CSR), to illustrate the moderating influence of Corporate Social Responsibility (CSR) on the relationship between Transfer Pricing (TP) and Tax Avoidance (ETR).

From the results of the t test it can be concluded that the variable Corporate Social Responsibility (CSR) can moderate the relationship between the relationship between Transfer Pricing (TP) and Tax Avoidance (ETR). Because Corporate Social Responsibility (CSR) has a significant effect on the Tax Avoidance variable (ETR), in this case the moderating relationship is quasi moderator.

f) The DERxCSR variable has a beta coefficient of -0.111 and a significance of 0.2786. Significance value of 0.2786 greater than 0.05, H_0 is accepted and H_1 is rejected. The DERxCSR variable is the multiplication of Thin Capitalization (DER) and Corporate Social Responsibility (CSR) interactions, to illustrate the moderating influence of Corporate Social Responsibility (CSR) on the relationship between Thin Capitalization (DER) and Tax Avoidance (ETR).

From the results of the t test, it can be concluded that the Corporate Social Responsibility (CSR) variable cannot moderate the relationship between the Thin Capitalization (DER) and Tax Avoidance (ETR). Because Corporate Social Responsibility (CSR) has a significant effect on the Tax Avoidance variable (ETR), in this case the moderating relationship is moderator predictor.

g) The THAVxCSR variable has a beta coefficient of -0.063 and a significance of 0.7567. Significance value of 0.7567 greater than 0.05, H_0 is accepted and H_1 is rejected. THAVxCSR variable is the interaction of multiplication between Tax Haven Utilization (THAV) and Corporate Social Responsibility (CSR), to describe the effect of moderation of Corporate Social

Responsibility (CSR) on the relationship between Tax Haven Utilization (THAV) and Tax Avoidance (ETR).

From the results of the t test it can be concluded that the Corporate Social Responsibility (CSR) variable cannot moderate the relationship between the Tax Haven Utilization (THAV) and Tax Avoidance (ETR). Because Corporate Social Responsibility (CSR) has a significant effect on the Tax Avoidance variable (ETR), in this case the moderating relationship is moderator predictor.

- 4) The results of testing multiple regression equations are as follows.

$$ETR = a + b_1TP + b_2DER + b_3THav + b_4CSR + b_5TP*CSR + b_6DER*CSR + b_7THav*CSR + e$$

$$ETR = 0,531 - 0,497TP - 0,030DER + 0,083THav - 0,412CSR + 0,697TP*CSR + 0,111DER*CSR - 0,063THav*CSR + e$$

7. Conclusion

- 1) Transfer Pricing has a significant effect on Tax Avoidance
- 2) Thin Capitalization has no significant effect on Tax Avoidance.
- 3) Tax Haven Utilization has no significant effect on Tax Avoidance ..
- 4) Corporate Social Responsibility can moderate the effect of Transfer Pricing on Tax Avoidance.
- 5) Corporate Social Responsibility cannot moderate the effect of Thin Capitalization on Tax Avoidance.
- 6) Corporate Social Responsibility cannot moderate the effect of Tax Haven Utilization on Tax Avoidance.

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