# **ABSTRACT**

Yessika Analia / 38150413/ 2019 / Effects of Corporate Social Responsibility Disclosure and Profitability on Tax Avoidance of Manufacturing Companies Registered on the Indonesia Stock Exchange for the 2015-2017 Period / Advisor: Amelia Sandra, S.E., M.Sc.Ak., M.Ak.

Tax as the largest component of state revenue used to finance state expenditure. Therefore the tax authorities will try to maximize state tax revenue, while the company wants to minimize its tax burden because it can affect the company's net profit. To minimize the tax burden, the company will do a tax planning that can optimize corporate profits. One common method used is the practice of tax avoidance. Tax avoidance itself is influenced by various factors including the disclosure of Corporate Social Responsibility (CSR) and profitability. The purpose of this study is to determine the effect of Corporate Social Responsibility disclosure and profitability on tax avoidance.

Tax avoidance is a way carried out by a company to minimize its tax burden by exploiting the weaknesses contained in the legislation in force so that efforts to reduce the company's tax burden is carried out legally. CSR is a social responsibility activity carried out by the company as a form of contribution to the economic development of the local community and also carried out to maintain stakeholder confidence in the company. Profitability is the company's ability to generate profits from its business activities. In this study, CSR and profitability have a positive effect on tax avoidance.

This study uses a non-behavioral observation method, namely the analysis of records of secondary data. The secondary data used, namely the annual financial statements of companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2017 period. In this study tax avoidance uses the Current Effective Tax Rate (CETR) proxy while for CSR uses disclosure indicators based on GRI G4 consisting of 18 indicators out of 91 indicators where the 18 indicators generate CSR costs and proxies for profitability, namely Return on Assets (ROA). The sampling technique used is non-probability sampling with a purposive sampling method. Data analysis techniques were carried out through descriptive statistical tests, pooling tests, classic assumption tests, multiple linear regression analysis with the F test, t test, and the coefficient of determination.

After the pooling test, it was found that the entire data can be combined or pooled. For the classical assumption test, the results show that all data passed the test and the F test results showed a significant result of 0,000 ... while the t test showed that the CSR and profitability variables respectively obtained significant values ​​of 0.009 and 0,000 ...

The conclusion obtained, namely disclosure of CSR has sufficient evidence of a positive effect on tax avoidance, while profitability does not have enough evidence of a positive effect on tax avoidance.

**Keywords**: Tax Avoidance, Corporate Social Responsibility, Profitability.