

THE EFFECT OF TRANSFER PRICING, FOREIGN OWNERSHIP ON TAX AVOIDANCE WITH CORPORATE SOCIAL RESPONSIBILITY (CSR) AS A MODERATED VARIABLES

Devi Apriyani

Department of Accounting Universitas Mercu Buana
deviaprnyns@gmail.com

Muhyarsyah

Department of Accounting Universitas Mercu Buana
Muhyarsyah@mercubuana.ac.id

ABSTRACT

The purposes of the study was determine the effect of transfer pricing and foreign ownership on tax avoidance with corporate social responsibility (CSR) as a moderating variable. This type of research is quantitative research. This study uses secondary data obtained from the Indonesia Stock Exchange (BEI) website. The sample of this study were 32 companies for the 2017-2019 period. This study uses purposive sampling technique as a sample selection. The method of analysis of this research is using multiple linear regression analysis with SPSS 22 as a statistical analysis tool. The results of this study indicate that transfer pricing has a significant effect on tax avoidance, but foreign ownership has no effect on tax avoidance, CSR does not moderate transfer pricing on tax avoidance, but CSR does moderate foreign ownership of tax avoidance.

Keywords: Transfer Pricing, Foreign Ownership, Tax Avoidance, Corporate Social Responsibility (CSR)

INTRODUCTION

Sources of State Revenue are funds received by the state to finance national development. Funds which become a source of state revenue are managed in the Draft State Revenue and Expenditure Budget, which is usually abbreviated as RAPBN. Sources of state revenue come from various sources, such as domestic or foreign revenues, tax or non-tax revenues, from petroleum, oil and gas, or non-oil and gas, grant funds, and so on. Tax is one of the biggest sources of state revenue besides oil and gas and non-oil and gas sectors. Taxation in Indonesia is built on the principle of mutual cooperation.

As one of the sources of state revenue, taxes are placed in the top position as the main source of revenue in increasing the state treasury. However, the government's efforts to increase and optimize tax revenue are constrained by several things, one of which is the existence of tax avoidance. Tax avoidance is an effort made by management to reduce the company's tax burden. When the company is able to minimize spending for tax purposes, it means that the company will incur less expenses.

In Indonesia, there are still tax avoidance practices, this has an impact on the tax ratio in Indonesia which is still below 15%. In the last 5 years, the tax ratio has only reached 10% to 12%. In 2019, the Ministry of Finance recorded that the realization of new revenues reached IDR 1,136.17 trillion until last November. This realization only touched 72.02 percent of the 2019 State Budget (APBN) target of IDR 1,577.56 trillion. The realization of tax revenue in November 2019 decreased by 0.04 percent when compared to the same period last year which amounted to Rp1,136.66 trillion.

The phenomenon in Indonesia of Tax Avoidance is the company as PT Coca Cola which evaded taxes by means of transfer pricing, PT CCI outsmarted the tax, causing a tax shortfall of Rp 49.24 billion. According to the DGT, the total CCI taxable income in that period was IDR 603.48 billion. While the CCI calculation, the taxable income is only Rp 492.59 billion. With that difference, the DGT calculated the CCI income tax shortfall (PPh) of Rp.49.24 billion. For DGT, this cost burden is very suspicious and leads to transfer pricing practices in order to minimize taxes.

The number of cases Tax Avoidance in Indonesia proven by Toyota Motor Manufacturing declared by The Directorate General of Taxes said that Toyota Motor Manufacturing made use of transactions between affiliated companies at home and abroad to avoid paying taxes. Transfer pricing carried out by Toyota Motor Manufacturing shifts the burden of excess profits from one country to another that applies a cheaper tax rate (tax heaven). Transfer of expenses is carried out by improperly manipulating prices. There are indications that Toyota Motor Manufacturing is diverting its profits to Singapore, because taxes in Singapore are indeed lower than Indonesia. Indonesia applies a tax of 25 percent, while there is only 17 percent. Because of this, a number of industries here have headquarters in Singapore - including Toyota, so it seems natural that the tax calculations are also there.

Transfer Pricing is a company policy in determining the transfer price of a transaction, be it goods, services, intangible assets, or financial transactions conducted by the company Kuku (2015). Transfer pricing is an effort made by companies for tax avoidance purposes, especially for multinational companies that carry out international transactions. Meanwhile, foreign ownership is the percentage of company share ownership by foreign investors. Irsalina, Agus (2017). The greater the shares owned by foreigners in a company, the greater the voice of investors to take part in determining company policies that aim at minimizing the tax burden.

In research conducted by Joel, Kwadwo, Sharon (2017), Prem, Hugh (2010), Li Liu, Tim Schmidt-Eisenlohr, Dongxian Guo (2017) stated that transfer pricing has an effect on tax avoidance, but in Paskalis' research, Erik, Audita (2018) shows that transfer pricing

does not effect on tax avoidance. Research conducted by Peter, Wolfgang, Hannes, Hannes (2010), Iftekhar, Qiang (2016), Clemens, Thomas (2005) stated that foreign ownership has an effect on tax avoidance, while research conducted by Irsalina, Agus (2017) states that foreign ownership has no effect on tax avoidance. In the research of Aprilian, Eny, and Achmad (2018), Monifa and Achmad (2018), Lie and Agustinus (2017).

THEORETICAL BASIS

Legitimacy Theory

Legitimacy theory a theory which states that there is a social contract between the company and the community using economic resources. Legitimacy theory is the tool that manages the stakeholders' perceptions of the needs for attaining the organizational legitimacy Ghozali and Chariri (2016).

Stakeholder Theory

Stakeholder theory is a theory which states that companies not only operate for personal interests, but must provide benefits to all stakeholders. The stakeholder theory is a theory of organizational management and business ethics that accounts for multiple constituencies impacted by business entities like employees, suppliers, local communities, creditors, and others Ghazali and Chariri (2007).

Agency theory

Agency theory explains the relationship between shareholders as principals and management as agents. *Agency theory* is a principle that is used to explain and resolve issues in the relationship between business principals and their agents Paskalis, Erik, Audita (2018).

Proprietary Theory

Proprietary theory is ownership that describes the net worth of a business (business activities) and can be represented in the accounting equation: $P = A - L$, where ownership (or owner's equity) is equal to assets minus liabilities Venom Kam (1990) in Amrullah (2014).

Tax Avoidance

Mauliddini, Abu Bakar (2020) tax avoidance is a form of tax planning, but planning is an avoidance where taxpayers seek to gain tax advantages. Tax avoidance is the use of legal methods to minimize the amount of income tax owed by an individual or a business. This is generally accomplished by claiming as many deductions and credits as are allowable. It may also be achieved by prioritizing investments that have tax advantages, such as buying tax-free municipal bonds.

Transfer Pricing

Transfer Pricing is the price charged by one subunit for a product or service that is supplied to another subunit by the company. Transfer price is the price at which related parties transact with each other, such as during the trade of supplies or labor between departments. Transfer prices are used when individual entities of a larger multi-entity firm are treated and measured as separately run entities.

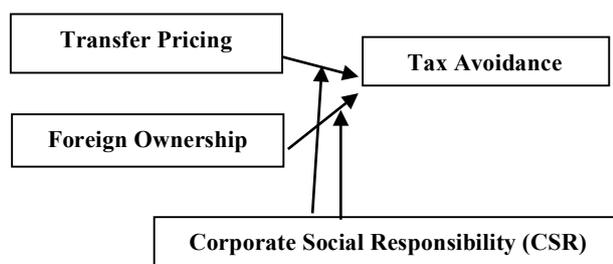
Foreign ownership

Foreign Ownership is individuals, legal entities, and government originating from abroad or not domiciled in Indonesia who own shares in the companies. Foreign ownership or control of a business or natural resource in a country by individuals who are not citizens of that country or by companies whose headquarters outside that country.

Corporate Social Responsibility (CSR)

CSR is something that is voluntary or not required by companies for getting legitimacy from the community. Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable—to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental.

The Following of the research hypothesis is:



Hypothesis

Based on the conceptual framework that has been mentioned, the researcher can state the research hypothesis as follows:

1. Transfer Pricing Has a Significant Effect on Tax Avoidance
2. Foreign Ownership has a Significant Effect on Tax Avoidance
3. Corporate Social Responsibility (CSR) Moderates the Effect of Transfer Pricing on Tax Avoidance
4. Corporate Social Responsibility (CSR) Moderates the Influence of Foreign Ownership on Tax Avoidance

RESEARCH METHODS

This research uses quantitative research methods. Quantitative research is a scientific method whose data is in the form of numbers or numbers that can be processed and analyzed using mathematical or statistical calculations, Uma Sekaran (2017). The quantitative research used is causal quantitative, namely research that aims to determine the effect of transfer pricing, foreign ownership of tax avoidance with corporate social responsibility (CSR) as a moderating variable through the company's annual report data. The population in this study were 178 companies listed on the Indonesia Stock Exchange. The sample technique in this study using purposive sampling, the sample aims at the type of sampling that has certain criteria determined by the researcher. The technique of collecting is by collecting, recording, and processing data related to data in the financial statements and annual reports for 2017-2019 which are downloaded through the Indonesia Stock Exchange website, namely www.idx.co.id.

The variable in this study is tax avoidance (tax avoidance) as the dependent variable while transfer pricing and foreign ownership as independent variables, Corporate Social Responsibility (CSR) as a moderating variable. The operational definition of variables can be seen in the following table:

Table 2
List of Variable Operations

No.	Variable	Indicator	Measurement Scale
1.	Tax avoidance Irsalina, Agus (2017)	$CETR = \frac{\text{Cash Tax Paid } i,t}{\text{Pre - tax Income } i}$	Ratio
2.	Transfer Pricing Cahya, Riris (2010)	$TP = \frac{\text{Related account receivable}}{\text{Total account receivable}}$	Ratio
3.	Foreign ownership Irsalina, Agus (2017)	$KA = \frac{\text{Total shares foreign ownership}}{\text{Total all shares}}$	Ratio
4	Corporate Social Responsibility (CSR) Monifa, Achmad (2018)	$CSRI_j = \frac{\sum X_{ij}}{n_j}$	Dummy

This research was in several stages, descriptive statistical analysis, classical assumption test (normality test, multicollinearity test, heterocedasticity test and autocorrelation test), hypothesis test, and determination coefficient test (R²).

RESEARCH RESULT

A. Description of Research Object

Table 3
Descriptive Statistics Test Results

Information	N	Min.	Max.	Mean	Std. Deviation
Tax Avoidance	71	0.00	1.23	0.4435	0.29133
Transfer Pricing	71	0.00	0.84	0.3477	0.23337
Foreign Ownership	71	0.29	1.00	0.7332	0.16258
CSR	71	0.10	0.67	0.4218	0.15629

Based on table 3, it can be seen that tax avoidance is proxied by the Cash Effective Tax Rate (CETR), the maximum CETR value at PT. Indomobil Sukses Internasional Tbk in 2019 is Rp1.23 or 123% and the minimum value is 0.00 or 0% at PT. Citra Tubindo Tbk in 2017 and 2018, An average of 0.4435 or 44.35% with a standard deviation of 0.29133 or 29.133%.

Transfer pricing has an average of 0.3477 or 34.77% with standard deviation 0.23337 or 23.33%. This shows that the average manufacturing company that has receivables with related parties during 2017–2019 was 34.77%. The minimum value of transfer pricing is 0.00 or 0% at PT Pelat Timah Nusantara Tbk in 2018 and the maximum value is 0.84 or 84% at PT Pelangi Indah Canindo in 2019.

The description of foreign ownership shows an average of 0.7332 or 73.32% with standard deviation 0.16258 or 16.25%. This means that the average share ownership by foreigners in manufacturing companies during 2017–2019 is equal to 73.32%. The minimum value of foreign ownership is 0.29 or 29% in PT. Duta Pertiwi Nusantara Tbk in 2018, the maximum value is 1 or 100% at PT. Bentoel Internasional Investama Tbk in 2017-2019.

While CSR has the maximum value is at PT. Indocement Tunggul Prakarsa Tbk in 2019 and PT. Polychem Indonesia Tbk in 2017 amounting to 0.67 or 67% with a minimum value of 0.10 or 10% at PT. Indomobil Sukses Internasional Tbk in 2019, PT. Multi Bintang Indonesia Tbk in 2018, PT Sekar Bumi Tbk in 2017, an average of 0.4218 or 42.18% with a standard deviation of 0.15629 or 15.62%.

B. Classic assumption test

a. Normality test

The normality test aims to test whether in the regression model, confounding or residual variables have a normal distribution. Following are the results of the normality test:

Table 4
Normality Test Results

Information	Unstandardized Residual
Asymp. Sig. (2-tailed)	0.063c

Based on table 4, it is known that the Sig value of 0.063 is greater than 0.05 so that it can be interpreted that the data in this study is normally distributed.

b. Multicollinearity Test

Multicollinearity test aims to test whether the regression model found a correlation between the independent variables between one another. Following are the multicollinearity test results:

Table 5
Multicollinearity Test Results

Model	Tolerance	VIF
Transfer Pricing	0.718	1,393
Foreign Ownership	0.941	1,062
CSR	0.884	1,131
Transfer Pricing x CSR	0.895	1,118
Foreign Ownership x CSR	0.805	1,243

The table 5 show that the VIF value is less than 10 and the tolerance value is more than 0.1, so this study does not occur multicollinearity.

c. Heteroscedasticity Test

Heteroscedasticity test aims to test whether in the regression model that is formed there is an inequality of variants of the regression model residuals. The following are the results of the heteroscedasticity test:

Table 6
Heteroscedasticity Test Results

Model	Sig.
Transfer Pricing	0.610
Foreign Ownership	0.992
CSR	0.681
Transfer PricingxCSR	0.395
Foreign Ownership xCSR	0.444

Based on table 6, it can be seen that the significance value > 0.05, so it means that there is no heteroscedasticity and the assumptions have been met.

d. Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between confounding error in period t and confounding error in period t-1 (previous). Following are the results of the autocorrelation test:

Table 7
Autocorrelation Test Results

DL	4-DL	DU	4-DU	DW
1.5577	2.4423	1.6733	2.3267	1,682

The value of du and dl for the number of samples (n) is 71 with the number of independent variables (K) as much as 2 and a significance level of $\alpha = 5\%$, namely the du value 1.6733 and the dl value 1.5577. The test results stated that there was no autocorrelation because $du < dw < 4-du$ ($1.6733 < 1.682 < 2.3267$).

The statistical method used to test the hypothesis is multiple linear regression with Moderated Regression Analysis (MRA). The results of multiple linear regression analysis in this study are as follows:

Table 8
Regression Analysis Test Results

Model	Regression Coefficient
Constant	1,031
Transfer Pricing	-0.381
Foreign Ownership	0.026
CSR	-0,550
Transfer PricingxCSR	-0.054
Foreign Ownership x CSR	-0,771

In this study, the data analysis method used descriptive statistics, classical assumption tests, and hypothesis testing using multiple linear regression analysis methods. In this study, the data were processed using computer software, namely IBM SPSS.

Multiple Linear Regression Analysis

The analytical method to determine the effect of Transfer Pricing and Foreign Ownership on Tax Avoidance with Corporate Social Responsibility (CSR) as a moderating variable using the Multiple Regression equation (multiple linear regression). Hypothesis testing is intended to determine whether or not Transfer Pricing and Foreign Ownership have an effect on Tax Avoidance with Corporate Social Responsibility (CSR) as a moderating variable. The statistical method for testing the effect of one dependent variable and one or more independent variables is regression. The statistical method used to test the hypothesis is multiple linear regression with Moderated Regression Analysis (MRA). According to Ghozali (2011), the interaction test or Moderated Regression Analysis (MRA) is a special application of multiple linear regression where the regression equation contains interactions (two or more independent variables).

The multiple linear regression equation in this study is as follows: $Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_1X_3 + b_5X_2X_3 + e$
Where:

- Y = Tax Avoidance
- a = Constant
- X1 = Transfer Pricing
- X2 = foreign ownership
- X3 = Corporate Social Responsibility (CSR)
- X1X3 = Interaction between Transfer Pricing and Corporate Social Responsibility (CSR)
- X2X3 = Interaction between Foreign Ownership and Corporate Social Responsibility (CSR)
- e = Error Term, which is the estimator error rate in the study

Based on table 8, the multiple linear regression equation is obtained as follows:

$$Y = 1.031 - 0.381X_1 + 0.026X_2 - 0.550Z - 0.054X_1Z_1 - 0.771X_2Z_2$$

The α constant of 1.031 states that if Transfer Pricing, Foreign Ownership, Corporate Social Responsibility (CSR) constant or zero, then the formation of Tax Avoidance is 1.031.

Transfer Pricing has a regression coefficient of -0.381. This shows that between Transfer Pricing and Tax Avoidance has a negative direction, meaning that if Transfer Pricing increases by one unit, the formation of Tax Avoidance will decrease by 0.381 assuming the value of Foreign Ownership and Corporate Social Responsibility (CSR) is constant.

Foreign Ownership has a regression coefficient of 0.026. This shows that between Foreign Ownership and Tax Avoidance has a positive direction, meaning that if Foreign Ownership increases by one unit, the formation of Tax Avoidance will increase by 0.026 assuming the value of Transfer Pricing and Corporate Social Responsibility (CSR) is constant or zero.

Corporate Social Responsibility (CSR) has a regression coefficient of -0.550. This shows that between the Corporate Social Responsibility (CSR) and Tax Avoidance has a negative direction, meaning that it is a Corporate Social Responsibility (CSR) increasing by one unit then the formation of Tax Avoidance will decrease by 0.550, assuming the value of Transfer Pricing and Foreign Ownership is constant.

Interaction between Transfer Pricing and Corporate Social Responsibility (CSR) has a regression coefficient of -0.054. This shows that between interactions Transfer Pricing with Corporate Social Responsibility (CSR) and Tax Avoidance has a negative direction, meaning that between interactions Transfer Pricing with Corporate Social Responsibility (CSR) increasing by one unit, the formation of Tax Avoidance will decrease by 0.054, assuming the value of Foreign Ownership is constant.

Interaction between Foreign Ownership with Corporate Social Responsibility (CSR) has a regression coefficient of -0.771. This shows that between Foreign Ownership interactions with Corporate Social Responsibility (CSR) and Tax Avoidance has a negative direction, meaning if it is between Foreign Ownership interactions with CSR increases by one unit, then the formation of Tax Avoidance will decrease by 0.771 with an assumed value Transfer Pricing is constant.

According to Ghozali (2016), the goodness of fit test (model feasibility test) was carried out to measure the accuracy of the sample regression function in estimating the actual value statistically and to determine whether the results of the research model were feasible or not. Following are the results of the F Statistical Test.

Table 9
Test results F Statistics (Simultaneous)

Model	F value	Results Sig
Regression	10,769	0.000

The results of table 9 above can be seen that the value of Sig. F of $0.000 < 0.05$, it means that the regression model is feasible to explain the effect of Transfer Pricing, Foreign Ownership on Tax Avoidance with CSR as a moderating variable. Partial T-test is used to find out how far the influence of one explanatory or independent variable individually in explaining the variation of the dependent variable. Following are the results of the Partial-T Test:

Table 10
Test results T (Partial)

Dependent Variable	Variable Independent	Hypothesis Direction	Sig.
Tax Avoidance	Constant		0.000
	Transfer Pricing	-	0.006
	Foreign Ownership	+	0.879
	CSR	-	0.004
	Transfer PricingxCSR	-	0.864
	Foreign Ownership xCSR	-	0.002

C.DISCUSSION

Based on table 10, it can be seen that the effect of the dependent variable on the independent variable partially is as follows:

1. The Effect of Transfer Pricing on Tax Avoidance

H1 in this study is Transfer Pricing has an effect on Tax Avoidance. Based on the table above, it is known that the Transfer Pricing regression coefficient is negative of 0.381, the tstatistic value is -2.817, and the tstatistic probability value is 0.006 <0.05, then H1 is accepted, meaning Transfer Pricing significant effect against Tax Avoidance with negative coefficient direction.

Taxes are the reason why manufacturing companies carry out transfer pricing activities by launching transactions to allied companies that are outside national borders, so that profits are reduced, and taxes paid are also reduced. The results of the transfer pricing research test have a negative effect on Tax Avoidance due to several factors, such as a change in the government system which resulted in the emergence of many new policies, such as tax amnesty and so on. A negative relationship means that manufacturing companies perform Transfer Pricing only as a means of evaluating the performance of foreign company branches, reducing financial risk, regulating cash flow in the company's branches.

The relationship between agency theory and transfer pricing is based on the assumption of human nature, it is explained that each individual will tend to focus on his own interests so that agency problems can occur because there are parties who have different interests but cooperate with each other in different division of tasks. The agency problem can harm the principal who is not directly involved in managing the company so that the principal only has limited access to information. The authority in managing company assets granted by the principal to the agent can make the agent put aside the interests of the shareholders by taking advantage of its incentives to carry out transfer pricing. This is in line with research conducted by Cahya and Riris (2010), Mauliddini and Abubakar (2020) but not in line with research conducted by Paskalis, Erik, Audita (2018) which stated that Transfer Pricing has no effect on Tax Avoidance.

2. The Effect of Foreign Ownership on Tax Avoidance

H2 in this study is Foreign Ownership has an effect on Tax Avoidance. Based on the table above, it is known that the Foreign Ownership regression coefficient is 0.026, the tstatistic value is 0.153, and the tstatistic probability value is 0.879 > 0.05, then H2 is rejected, meaning that Foreign Ownership does not affect Tax Avoidance with the positive coefficient direction.

Foreign ownership have an incentive to ensure that management makes decisions that maximize the welfare of institutional shareholders so that it focuses solely on earnings management. With the presence of foreign investors in domestic companies, supervision of the company's performance will be better, and with experts who contract by foreign investors will increase the firm value so that it can be seen by other potential investors. Referring to agency theory, foreign ownership raises awareness of agency problems in the form of monitoring intensity towards management because they have sufficient knowledge in monitoring managers.

So far, foreign ownership is a party that is considered concerned about disclosure of corporate social responsibility. Such as paying attention to social issues such as human rights, education, labor, and the environment such as the greenhouse effect, illegal logging, and water pollution. This has made multinational companies begin to change their behavior in operating in order to maintain the legitimacy and reputation of the company. The results of this study are in line with research conducted by Irsalina and Agus (2017) which states that foreign ownership has no effect on tax avoidance. (tax avoidance) but it is not in line with research conducted by Iftekhar, Incheol, Haimeng, Qiang (2016), Peter, Valeria, and Georg (2014), Peter, Wolfgang, and Hannes (2010), Clemens and Thomas (2005) state that foreign ownership has an effect on tax avoidance.

3. Corporate Social Responsibility (CSR) Moderate The Effect of Transfer Pricing on Tax Avoidance

H3 in this study is Corporate Social Responsibility (CSR) moderate the effect of Transfer Pricing on Tax Avoidance. Based on the table above, it is known that the regression coefficient Transfer Pricing x Corporate Social Responsibility (CSR) negative value of 0.054, the t-statistic value of -0.172, and the t-statistic probability value of 0.864 > 0.05, then H3 is rejected, meaning that Corporate Social Responsibility (CSR) does not moderate the effect of Transfer Pricing on Tax Avoidance with a negative coefficient direction.

It is because there are still many companies that do not realize the importance of CSR so that they do not comply with CSR standards that apply in Indonesia. According to stakeholder theory, companies that have a high CSR rating are more attractive to consumers, so the company must fulfill its CSR obligations (2011). Companies carry out transfer pricing to minimize tax payments by manipulating the amount of company profits so that taxes paid are low. This indicates that tax motivation plays a role in influencing the decision to take transfer pricing action. If the company applies CSR in accordance with GRI standards will be able to reduce tax avoidance actions carried out by company management, because the company will consider all actions taken, and avoid actions that deviate from the rules. This allows CSR to influence the company's decision in transfer pricing. These results are in line with research conducted by Jihan and Badingatus (2019), but not in line with research conducted by Simplice, Joseph, and Elda (2019), Purwoko, Syahril, and Darmansyah (2017) which stated that CSR can moderate the effect of Transfer Pricing against Tax Avoidance.

4. Corporate Social Responsibility (CSR) Moderate The Effect of Foreign Ownership on Tax Avoidance

H4 in this study is Corporate Social Responsibility (CSR) moderate the influence of foreign ownership on tax avoidance. Based on the table above, it is known that the regression coefficient. Foreign Ownership x Corporate Social Responsibility (CSR) negative value of 0.771, the t-statistic value of -3.183, and the t-statistic probability value of 0.002 < 0.05, then H4 is accepted, meaning that Corporate Social Responsibility (CSR) moderate the influence of Foreign Ownership on Tax Avoidance with a negative coefficient direction.

When a company has a good image, the company will maintain the company's image by obeying applicable regulations and avoiding actions that will affect the company's image. Companies that have foreign ownership are usually oriented towards profits, but if the company discloses its CSR reports well, it becomes the attention of investors so that the company will try to avoid Tax Avoidance so that it can be considered good so that investors want to invest. This corresponds to legitimacy theory and stakeholder theory, that companies carry out CSR activities to get legitimacy from the community for the sake of business sustainability and to meet the expectations of employees, customers and society. The results of this study are in line with research conducted by Monifa and Achmad (2018), Mgbame, Chijoke, and Yekini (2017), this is because CSR is a way to provide added value for companies, but this is not in line with the research conducted. by Jihan, Badingatus (2019) has research results that Corporate Social Responsibility (CSR) has no effect on Tax Avoidance).

The coefficient of determination (R²) is carried out to find out how much the variable is attached or closeness, between the dependent variable and the independent variable. The following are the results of the determination coefficient test

Table 11
Determination Coefficient Test
Results R²

Dependent Variable	R square	Adjusted R square
Tax Avoidance	0.453	0.411

Based on table 11, the R Square value for the dependent variable of tax avoidance is 0.411. This means that 41.1% of tax avoidance variations can be explained by two independent variables, namely transfer pricing, foreign ownership, and the moderating variable of Corporate Social Responsibility (CSR), while the rest (100% - 41.1% = 58.9%) is explained by other variables.

CONCLUSION

1. Transfer Pricing has a significant effect on Tax Avoidance with the negative coefficient direction. This is caused by the company carries out Transfer Pricing only as a means of evaluating the performance of foreign company branches, reducing financial risk, regulating cash flow in the company's branches. The authority in managing company assets granted by the principal to the agent can make the agent put aside the interests of the shareholders by taking advantage of its incentives to carry out transfer pricing.
2. Foreign Ownership has no effect on Tax Avoidance with the positive coefficient direction. This is caused Foreign ownership is a party that is considered concerned about disclosure of corporate social responsibility, this makes companies change their behavior in operating in order to maintain the company's legitimacy and reputation. Such as paying attention to social issues such as human rights, education, labor, and the environment such as the greenhouse effect, illegal logging, and water pollution. This has made multinational companies begin to change their behavior in operating in order to maintain the legitimacy and reputation of the company.
3. Corporate Social Responsibility (CSR) does not moderate the effect of Transfer Pricing on Tax Avoidance with the negative coefficient direction. It is because there are still many companies that do not realize the importance of CSR so that they do not comply with CSR standards that apply in Indonesia. If the company applies CSR in accordance with GRI standards will be able

to reduce tax avoidance actions carried out by company management, because the company will consider all actions taken, and avoid actions that deviate from the rules. Companies carry out transfer pricing to minimize tax payments by manipulating the amount of company profits so that taxes paid are low. This indicates that tax motivation plays a role in influencing the decision to take transfer pricing action.

4. Corporate Social Responsibility (CSR) moderate the effect of Foreign Ownership on Tax Avoidance (Tax Avoidance) with the negative coefficient direction. This is due to when a company has a good image, the company will maintain the company's image by complying with applicable regulations and avoiding actions that will affect the company's image. Companies that have foreign ownership are usually oriented towards profits, but if the company discloses its CSR reports well, it becomes the attention of investors so that the company will try to avoid Tax Avoidance so that it can be considered good so that investors want to invest.

SUGGESTION

The company are required to make the right decisions regarding the tax management that is used or to be used and comply with applicable tax regulations in order to avoid tax administration sanctions and not have an impact on the company's image which will decline in the eyes of the public, Companies that can increase foreign ownership in the hope of increasing supervision to deter tax avoidance (tax avoidance), and can improve the quality of their sustainability reports or corporate social responsibility reports by using responsible CSR standards.

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