

What is Multinationality, Tax Haven Utilization, Uncertainty Tax and Disclosure of Corporate Social Responsibility Affected Tax Avoidance by Multinational Companies?

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Abstract: The practice of tax avoidance is carried out because debt is greater than the capital, especially that debt obtained from the same group of companies. This study aims to obtain empirical evidence regarding the influence of multinational, utilization of tax havens, tax uncertainty, and Corporate Social Responsibility disclosure on tax avoidance. The population in this study are multinational companies listed on the Indonesia Stock Exchange in 2012-2016. Technique in this study was purposive sampling and obtained a sample of 38 companies. The analysis used Ordinal Least Square (OLS) with SPSS. The results of the study show that multinational, utilization of tax havens, uncertainty in taxes and disclosure of CSR did not affect tax avoidance.

1 INTRODUCTION

Tax is the heart of state income. For the 2017 State Budget itself, tax accounts for 85% of all state revenues (www.kemenkeu.go.id/apbn2017). Even so, tax revenues in Indonesia since 2012 continue to miss from what is targeted and this has continued to occur repeatedly over the past five years. Benefit theory of taxation shows this taxation can be done because there is a relationship (economic attachment) between Indonesia as a source state with activities that provide such income.

Margaret, Lynch, & Rego (2009) state that corporate tax aggressiveness is an act of manipulating taxable income done by the company through tax planning actions, both using legally classified methods (tax avoidance) or illegal (tax evasion). Not all actions taken in an effort to tax aggressiveness violate regulations, but the more loopholes used to reduce tax costs, the company is considered more aggressive towards taxes. Actions of tax aggressiveness tend to be carried out by companies because there are many interests in it, and the tax burden borne by corporate taxpayers is greater than the individual taxpayers.

Tax avoidance cases that are part of tax aggressiveness are rampant in Indonesia, thus

placing Indonesia ranked 11th as the country with the highest level of tax avoidance. First place the most tax avoidance is carried out by the United States where the company has cost the country 188.8 billion US dollars (www.tribunnews.com). Companies in the mining sector are not immune from tax aggressiveness activities. The flow of illegal money abroad has nearly doubled over the past ten years from Rp 141.82 trillion in 2003 to Rp 227.75 trillion in 2014. Significant increase mainly occurs in the mining sector. The run of funds abroad is due to weak government oversight toward financial activities and corporate tax payments. Economic policy researchers from Publish What You Pay (PWYP) Indonesia, says illegal money flows in the mining sector are caused by trade transactions with fake invoices (trade miss invoicing). The surge in the amount of illegal money flows in the mining sector indicates tax avoidance and tax evasion involving Indonesian mining companies (PWYP).

The research of Taylor & Richardson (2013) related to the determinant of the effect of tax avoidance practices results that multinationality, tax haven utilization, withholding tax, and tax uncertainty have a significant positive effect on the practice of thin capitalization in Australian

companies. Meanwhile, for research conducted in Indonesia, it has been carried out by Nuraini & Marsono (2014) give result that multinationality, tax haven utilization, and withholding tax have a significant positive effect on the practice of tax avoidance in multinational companies in Indonesia, but institutional ownership has no effect on the practice of tax avoidance. The lack of influence of institutional ownership is also supported by research conducted by Dewi & Jati (2014). Desai, Foley, & Hines (2006) say that it is very possible for companies that carry out tax avoidance actions to combine controlled entities into the Tax Haven Country in an effort to avoid domestic taxes significantly. This is in accordance with the research conducted by Taylor & Richardson (2013) as well as Nuraini & Marsono (2014) that the utilization of Tax Haven significantly affects tax avoidance practices.

The characteristics of the company also become one of the factors in the practice of tax avoidance actions. These characteristics can be seen from company size (Surbakti, 2012). The characteristics of a company can be seen from the size of the company and multinational company (Dewi & Jati, 2014). According to Rego (2003), the larger the size of the company, the more transactions will be carried out. Thus, it allows companies to take advantage of existing gaps to carry out tax avoidance actions from each transaction. A large company certainly requires tighter supervision and good corporate governance. Good corporate governance arises because of the separation of duties and authority and the existence of a supervisory committee. Therefore, the audit committee in this case as a supervisor of the company has an important role in overseeing the practice of tax avoidance actions.

Arthana (2011) in Maraya & Yendrawati (2016) mentions Corporate Social Responsibility Disclosure (CSR) is a process of communicating the social and environmental impacts of a company's economic activities towards groups that have an interest in the company as a whole. The concept of legitimacy shows the existence of corporate responsibility towards society. The company is aware of its survival in relation to the company's image in the eyes of the public. To be able to maintain its survival, the company seeks a kind of legitimacy or recognition from investors, creditors, consumers, the government and the surrounding community.

The result of research conducted by Lanis & Richardson (2013) shows a negative association between the activity / level of Corporate Social Responsibility disclosure and tax aggressiveness/ tax avoidance in Australian and US public companies. This supports the application of stakeholder theory as an approach in the activities of the company's

Corporate Social Responsibility and implements taxes as part of Corporate Social Responsibility. Watson (2015) in his research shows the result that there is a positive relationship between tax avoidance and company's Corporate Social Responsibility activities. This is different from Arianto (2014) where the result of his research shows that Corporate Social Responsibility does not affect tax avoidance.

The phenomenon of quite a number of PMA companies that report losses in their financial statements and did not pay taxes consecutively for 5 years or more, among others, allegedly due to tax avoidance practices, demanding more attention from the government, especially the Directorate General of Taxes. (Rahayu, 2010). In an effort to address the problems above, this study tries to examine the extent of the relationship of multinational companies in Indonesia in the practice of tax avoidance, especially tax avoidance. Research on tax avoidance practices in Indonesia is still rarely found because of the limitations of data and regulations on tax avoidance in Indonesia which are still very new because they were only active in 2016. Based on the description above, researchers are interested in conducting research entitled "The Effect of Multinationality, Utilization of Tax Haven, Tax Uncertainty, Disclosure of CRS on Tax Avoidance".

2 THEORETICAL FRAMEWORK

Stakeholder theory states that companies have social responsibility that requires them to consider the interests of all parties affected by their actions. Management should not only consider shareholders in the decision-making process, but also anyone who is influenced by business decisions. Roberts (1992) argues that the parties included in the stakeholder are stockholders, creditors, employees, customers, suppliers, public interest groups, and governmental bodies.

The government as a regulator, is one of the stakeholders of the company, therefore the company must pay attention to the interests of the government. One of them is by following all regulations made by the government, including compliance with paying taxes, and not doing tax evasion (Kuriah & Asyik, 2016). Tax aggressiveness by means of both tax avoidance and tax evasion is an action that can harm the state. Losses experienced by the state will have an indirect impact on the community, because the tax received by the state is income that will be allocated for the prosperity of the community. If the company does tax

aggressiveness, then this is not in accordance with stakeholder theory which states that the company always considers the interests of its stakeholders. To prevent this from happening and supervise if the performance of the company does not harm stakeholders, then the stakeholders give authority to the board of commissioners to supervise the company (Lanis & Richardson, 2011)

According to the trade off theory stated by Myers (2001) that the company will owe up to a certain level of debt, where the tax savings (tax shields) from additional debt is equal to the cost of financial difficulties (financial distress). The costs of financial difficulties (financial distress) are bankruptcy costs or reorganization, and agency costs which are increased due to a decrease in the credibility of a company. Trade off theory in determining optimal capital structure includes several factors among others tax, agency cost and financial distress cost, but still maintains the assumption of market efficiency and symmetric information as a balance and benefit of using debt. The optimal debt level is achieved when tax shields reach the maximum amount on the cost of financial distress.

Legitimacy theory states that large companies will have greater responsibility than small companies. This is due to large companies having higher and more complex operational activities that have a wider impact than small companies. In addition, the legitimacy theory states that organizations must constantly try to ensure that they carry out activities in accordance with the boundaries and norms of society (Rustiarini, 2011).

One of the efforts that can be done to get positive legitimacy from the community is to take actions that are ethical and socially responsible. These actions can be implemented by the way companies are involved in financing Corporate Social Responsibility and adhering to tax provisions (Mulyani & Suryarini, 2017). The Corporate Social Responsibility activities will be disclosed by the company through annual reports or sustainability reports (if the company issues). The company has a social contract with the community in its business environment and through the disclosures, it is expected that the company will gain legitimacy from the community that has an impact on the company's survival (Lindawati & Puspita, 2015)

The activity of tax aggressiveness is viewed negatively by the community, because it is considered to have violated social norms. A company that carries out tax aggression can be regarded as a company that does not care about the social conditions around it (Meiranto Wahyu & Nugraha, 2015).

Development of Hypotheses

The Effects of Multinationality on Tax Evasion

Multinational companies that have subsidiaries and branches of companies spread across various countries can be assumed that obtaining foreign income and applying efficient tax planning among their group entities. To examine the effect of multinationality on tax avoidance, the hypothesis developed is.

H1: Multinationality has a positive effect on tax avoidance.

The Effects of Utilizing Tax Haven on Tax Avoidance

Tax haven countries are countries that provide facilities to other countries' taxpayers and their income from other countries' taxpayers can be directed to countries that are members of tax havens which will benefit those taxpayers because their income will not be deducted from taxes. Large and multinational companies use tax haven countries as a place to avoid their income or profits from tax burdens because tax haven countries will not cut or only deduct a little tax on the company's income. Desai, Foley, & Hines (2006) provide data that American multinational companies are making large use of the Tax Haven country, in 1999, 59% of multinational companies in the United States that had relations in Tax Haven.

H2: The Utilization of Tax Haven has an effect on Tax Avoidance

The Effect of Tax Uncertainty on Tax Avoidance

Management may face significant uncertainty in determining tax estimates based on differences in interpretation of tax law (Desai & Dharmapala, 2006). Desai & Dharmapala, (2006) explain that tax uncertainty can be used by corporate management as a tool to cover tax avoidance activities. This certainly includes the practice of thin capitalization. In addition, when a company enters a "gray area" where the boundary between the implementation of tax planning and tax avoidance becomes unclear, there is an accompanying tax uncertainty. Dyreng, Hanlon, & Maydew (2014) explain that tax authority can challenge corporate argument in doing this, and can result in the company experiencing losses due to fines imposed by the authority to the company.

H3: Tax uncertainty has a positive effect on tax avoidance.

CSR Disclosure on Tax Avoidance

One of the efforts that can be done to get positive legitimacy from the community is by taking actions that are ethical and socially responsible. These actions can be implemented by the way companies are involved in financing Corporate Social

Responsibility and adhering to tax provisions (Mulyani & Suryarini, 2017).

Previous research shows that CSR disclosure can affect on tax aggressiveness. Lanis & Richardson (2013) in their research shows the result that there is a negative influence between CSR and tax aggressiveness, which can be interpreted if the higher the CSR disclosure of a company, the less aggressive action of the company. The result of this study is reinforced by the research of several researchers which show the same results, namely carried out by Laguir et al (2015) and Kuriah & Asyik (2016). Their results show that disclosure of CSR has a negative effect on tax aggressiveness.

Tax is one form of CSR from companies to the government and society. This is due to taxes are used by the government as a fund to finance people's welfare. Therefore, companies that have high CSR activities, the level of tax aggressiveness carried out is low or vice versa. This is because the company considers tax as a form of social responsibility carried out by the company to the government and society.

H4 : Disclosure of Corporate Social Responsibility has a negative effect on tax avoidance.

3 RESEARCH METHOD

The population in this study were multinational companies listed on the Indonesia Stock Exchange for the period 2014-2016. The sampling technique in this study was purposive sampling technique, namely data selected based on certain criteria that were in accordance with the research objectives.

Table 1: Sampling Criteria

Sample Criteria	Number
Multinational companies listed on the BEI in a row	116
Companies that suffered losses	(55)
Companies that received tax utilization	(19)
Companies that received zero tax loss compensation	(1)
Incomplete data	(3)

Number of companies that met the criteria as samples	38
Number of Analysis Unit (Period 2012-2016)	190

Source: Secondary data processed, 2018

Dependent Variable

Tax aggressiveness is an act of engineering taxable income done by company through tax planning actions, both using methods that are legally classified (tax avoidance) or illegal (tax evasion). The proxy used in calculating tax aggressiveness was effective tax rate (ETR).

PPh Expense

ETR =

Earning Before Tax

The higher the ETR, the lower the company's tax aggressiveness. Meanwhile, if the ETR gets smaller then the company's tax aggressiveness will be higher (Lanis & Richardson, 2013). In order to facilitate the presentation of result, the ETR value in this study was multiplied by negative one (-1).

Independent Variables

1. Multinationality

The measurement used dummy variable where "1" if the company had at least five subsidiaries or branches of companies incorporated outside Indonesia, otherwise stated "0". The measurement of this variable was in accordance with previous research that has been done by Nuraini & Marsono (2014) which also measured multinationality by seeing companies had at least five subsidiaries or branches of companies incorporated outside Indonesia.

2. The Utilization of Tax Haven

Tax Haven is a country with low tax jurisdiction or no tax at all which gives investors the opportunity to take tax avoidance actions (Desai et al., 2006). The utilization of tax haven was measured by companies that had at least 1 subsidiary company domiciled in tax haven countries. The utilization of tax haven measured as a dummy variable, "1" if the company had at least two subsidiaries incorporated in a tax haven recognized in the OECD, conversely stated

“0”. The measurement of this variable was in accordance with previous research conducted by Taylor & Richardson (2013) and Nuraini & Marsono (2014) which measured the utilization of tax haven by looking at companies that had at least 1 subsidiary company domiciled in tax haven countries.

3. Tax Uncertainty

Tax uncertainty is when management faces significant uncertainty in determining tax estimates based on differences in interpretation of tax law (Desai & Dharmapala, 2006). Tax uncertainty was measured by the company that issued a statement regarding "Tax Uncertainty Exposures" in the notes to its financial statements. The variable of tax uncertainty was measured by variabel dummy, namely "1" if the company included "tax uncertainty exposure" in the notes to its financial statements, otherwise stated "0". The measurement of this variable was in accordance with the previous research conducted by Taylor & Richardson (2013) and Christiana (2015) which measured tax uncertainty by seeing whether the company revealed uncertainty in measuring taxes in the notes to its financial statements.

4. CSR Disclosure

CSR is the responsibility which adheres in every investment company to continue to create a relationship which is harmonious, balanced and in accordance with the environment, values, norms and culture of the local community. CSR disclosure is a disclosure done by the company on CSR activities carried out by the company. The measurement of CSR disclosure used GRI version 4.0 issued by the Global Reporting Initiative which consisted of 91 items of disclosure consisting of 6 indicators namely economic indicators (9 items), environment (34 items), employment practices and work convenience (16 items), human rights (12 items), community (11 items) and responsibility for the product (9 items). This was in accordance with research conducted by Krisna & Suhardianto (2016) and Fauziah (2016). CSR disclosure was done by checking one by one GRI version 4.0 items. If the item was disclosed, it was given score 1, whereas if it was not disclosed, the score was 0. The score of each item disclosure was summed and divided by the total item disclosure in order to obtain a disclosure score for each company. The formula that could be used was as follows: $CSR_{ij} = \sum X_{yi} / n_i$

Explanation:

CSR_{ij} : Extensive index of corporate social and environmental responsibility disclosure
 $\sum X_{yi}$: score 1 = if item y_i disclosed; 0 = if item y_i not disclosed.

n_i : number of items for the company i , $n_i \leq 91$

Analysis of Multiple Linear Regression

Regression analysis is used by the researcher if the researcher intends to predict the state of the dependent variable, and if two or more independent variables as predictors are manipulated or rise and value in value.

In this study, the multiple regression models that was developed were as follows:

$$\begin{aligned}
 \text{Peng. Pjk}_{i,t} &= a_0 + \beta_1 \text{MULTI}_{i,t} \\
 &+ \beta_2 \text{TAXHAV}_{i,t} + \beta_3 \text{UNCERT}_{i,t} \\
 &+ \beta_8 \text{CSR}_{i,t} + e_{i,t}
 \end{aligned}$$

4 ANALYSIS

The results of descriptive statistics in this study describe data from the dependent variable as follows:

Table 2: Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
ETR	190	.04	.80	.2704	.10577
CSR	190	.00	.89	.1824	.14911
Multi	190	.00	1.00	.2947	.45713
TH	190	.00	1.00	.5421	.49954
PP	190	.00	1.00	.2579	.43863
Valid N (listwise)	190				

Source: secondary data processed

The result of descriptive statistics in Table 2 shows that the Tax Avoidance variable (ETR) has a value range of 0.04 (minimum) to 0.80 (maximum). The company that has the lowest (minimum) ETR value is to allow the company not to do tax avoidance and see the result showing that the average company does not do tax avoidance, which is seen from the mean shows the number 0.2704. The statistic description shows that many companies do not carry

out tax avoidance. It is proven from the average which do not do tax avoidance is 0.2579. On the other hand, many companies use Tax Heaven. It is proven from the average of companies which carry out Tax Heaven is 0.5421.

Hypothesis testing

The t test is used to examine the effect of each independent variable individually or partially on the dependent variable. The testing is done by looking at the variable significance value at a significance level of 0.05 (5%). The result of partial test from multiple linear regression equations are presented in the table as follows

Table 3: Partial Test Results

	Beta	sig
ETR	0.245	
CSR	0.066	0.206
Multinationality	0.005	0.905
The Utilization of Tax Haven (TH)	0.003	0.873
Tax Uncertainty (PP)	0.053	0.255

Source: Output SPSS 21, 2018

5 DISCUSSION

The Effect of Multinationality on Tax Avoidance

The first hypothesis in this research states that there is an effect of multinationality on tax avoidance. Based on the result of the study proves that there is no effect between multinationality on tax avoidance, the first hypothesis is rejected. This means that the more a multinational company has subsidiary or branches outside Indonesia, the more triggered the company to practice tax avoidance. The result of this study is in line with agency theory which states that the desire of management to improve their personal and management interests will strive to minimize the company's tax burden in order to avoid a high tax burden.

The practice of tax avoidance can only be done by multinational companies because multinational companies have large groups that are not only in Indonesia but also outside Indonesia, therefore the practice of tax avoidance can be done. This is also in accordance with the trade off theory stated by Myers (2001) where the company will owe up to a certain

level of debt, where the tax savings (tax shields) from additional debt is equal to the cost of financial difficulties (financial distress). According to Myers (2001) financial distress refers to the cost of bankruptcy or reorganization, and agency costs that arise when the feasibility of a company's debt is in doubt. The debt is played in a group of multinational companies in various ways so that later the corporate income tax becomes to a minimum.

Another reason is supported by the absence of regulations on thin capitalization rules until 2016 through the Minister of Finance Decree Number 169 / PMK.010 / 2015 which makes multinational companies freely play debt among their groups. By this, then multinational companies can optimize their interest debt rates so that the interest expense can be fully deductible expense for Taxable Income (PKP). Thus, the tax borne by the company will shrink. In the end, PMK No.169 / PMK.010 / 2015 came out and finally set a limit on the ratio between debt and capital of 4: 1. Until 2016, the ratio between debt and capital was released to any number which eventually made multinational companies practiced tax avoidance in their large groups.

Indonesian companies that have a multinationality character have higher debt to equity values than companies that do not have this character. This can happen because the character of multinationality allows them to achieve profits that are greater than the value of the deductible interest expense, by utilizing different tax rates between tax jurisdictions. Indonesian companies can make profits when receiving loans from creditors located in locations that charge lower corporate tax rates from Indonesia.

The result of this study is supported by research conducted by Taylor & Richardson (2013) which states that multinationality has a significant positive effect on tax avoidance practices. Research conducted by Nuraini & Marsono (2014) also proves the same thing with the result that multinational companies has a significant positive effect on thin capitalization considering that multinational companies usually implement efficient tax planning in all of their corporate entities, because with subsidiaries or branches companies that obtain foreign income will be involved in greater tax avoidance activities. Research conducted by Christiana (2015) also gives the same result, namely Indonesian companies that have the characteristics of multinationality, tax havens and tax uncertainty, are proven to have a higher value of debt to capital

ratio than companies that do not have these characteristics.

The Effects of Utilizing Tax Haven on Tax Avoidance

The second hypothesis in this study states that there is an effect of the utilization of tax haven on tax avoidance. Based on the result of the study proving that there is an effect between the utilization of tax haven on tax avoidance, the second hypothesis is rejected. The direction of the relationship between the utilization of tax haven and tax avoidance has a positive effect. This shows that the more subsidiaries or branches of companies placed in tax haven countries, the higher the possibility of tax avoidance practices.

The result of this study is in line with agency theory which states that management has the desire to improve their personal and management interests will strive to minimize the company's tax burden in order to avoid a high tax burden. Multinational companies set up companies in gray countries or tax haven countries in order to avoid taxes in Indonesia. Where in the country does not follow international tax regulations that make the country free to determine taxes and even not charge tax. This is used by multinational companies that have a large group network to place one or more companies in the country for investment purposes.

The utilization of tax haven which partially has a significant effect on tax avoidance. This signifies that tax haven country is a gap for multinational companies to practice tax avoidance. Indonesian companies that have subsidiaries in tax haven countries have a higher average debt ratio than companies that do not place their subsidiaries in tax haven countries. When Indonesian companies obtain loans from their subsidiaries in tax haven countries, then benefits of using interest loans to minimize group tax burden are maximized. Indonesian companies can reduce the interest expense with a high value, and interest income received by subsidiaries will not be subject to high taxes in tax haven countries.

The very low tax rate or even the absence of taxation in tax haven country invited many multinational companies to invest there and even established branches or subsidiaries, including multinational companies in Indonesia. Researchers in processing the data of this study saw a large number of multinational companies that establish branches in several tax haven countries, such as the British Virgin Islands, Netherlands, Cayman Islands, Singapore, Panama, etc.

The result of this study is in line with the research conducted by Taylor & Richardson (2013) which states that companies that have at least one subsidiary placed in tax haven countries have thin capitalization capital structure. Nuraini & Marsono (2014) also state things that are in line that multinational companies can use an entity in financing in tax haven to make safe tax deduction to pay interest debt by subsidiaries in countries that invest high tax rates. Even Christiana (2015) also states that the utilization of tax havens has a significant positive effect on tax avoidance.

The Effect of Tax Uncertainty on Tax Avoidance

The third hypothesis in this study states that there is an effect of tax uncertainty on tax avoidance. Based on the result of the study prove that there is an effect between tax uncertainty on tax avoidance, the third hypothesis is rejected. This shows that the company that publishes uncertainty in determining its income tax makes the company more likely to practice tax avoidance.

The result of this study is in line with agency theory which states that the desire of management to improve their personal and management interests will strive to minimize the company's tax burden in order to avoid a high tax burden. In order to practice tax avoidance, multinational companies cover it by acknowledging that the company cannot definitively determine its income tax due to the interpretation of complex tax regulations. Even Desai & Dharmapala (2006) state that tax uncertainty can be used by company management as a tool to camouflage or cover up tax avoidance practices. Including in the practice of tax avoidance, tax uncertainty can be used for reasons where the company has difficulty in determining taxes due to capital structure.

Researchers in this study see the tendency of companies that include uncertainty in determining taxes in the notes to financial statements are companies that have a corporate structure with subsidiaries and branches of the company more than five companies outside Indonesia, including placing them in tax haven countries. This is in accordance with the research conducted by Taylor & Richardson (2013) that companies with multinationality corporate structure, tax haven utilization, and tax uncertainty have a significant positive effect on thin capitalization. The result of this study is not in line with the research conducted by Christiana (2015) which states that there is a negative correlation between the tax uncertainty variable and thin capitalization. With the reason that when Indonesian companies disclose uncertainty in determining tax

value due to being in a legal process with the tax authority, it indirectly has a negative impact on their reputation.

The Effect of (Corporate Social Responsibility) CSR Disclosure on Tax Avoidance

The fourth hypothesis in this study is that CSR disclosure has a negative effect on tax avoidance. The result of research based on statistical tests in Table 4.4 show that CSR disclosure has a positive direction and does not affect tax aggressiveness, so hypothesis (H4) is rejected. Responsibility Corporate Social Responsibility is the process of communicating the social and environmental impacts of the organization's economic activities towards specific groups that have an interest in and towards society as a whole (Kuriah & Asyik, 2016). In this study, the disclosure of CSR carried out by companies does not affect the level of corporate tax avoidance, which means that the corporate CSR does not affect the company so that the company pays tax burden according to the tax rules or does not carry out tax aggressive actions. This shows that the disclosure of CSR done by companies is only to fulfil formal obligations. In which law No. 40 of 2007 concerning Limited Liability Companies and Law No. 25 of 2007 concerning Investment requires the Company whose field of business is in or related to the natural resources sector to carry out social and environmental responsibility as well as if the company does not carry out social responsibility obligations will be subject to sanctions in accordance with the provisions of the legislation.

The result of this study is similar to the result of studies conducted by Jessica & Toly (2014) and Napitu & Kurniawan (2016), where the research shows the results that the disclosure of CSR does not affect on tax avoidance. Jessica & Toly (2014) argue that based on the Indonesian conditions, the disclosure of CSR carried out by companies is still general and not detailed. Therefore, when compared with the CSR disclosure of GRI version 4.0 which has been very detailed, it will show that the level

Disclosure of CSR in Indonesia is very low. Whereas Napitu & Kurniawan (2016) argue that companies do not focus on CSR disclosure as one of the efforts that can reduce the value of tax avoidance. For companies, CSR programs are still limited to the realization of a charity program that has not been able to empower the community. Unstable data is also a cause of insignificance in the relationship between CSR disclosure and tax avoidance.

The result of this study opposes legitimacy theory, which in this theory explains that in order to

get positive legitimacy from society, companies need to carry out social responsibility. One of them is through CSR activities carried out by the company. The disclosure of CSR is expected to bring positive legitimacy, but in reality, mining companies have not been able to prove that CSR disclosure can increase the legitimacy of society and government for companies because high or low disclosure of CSR by companies does not guarantee that companies have high or low tax avoidance.

6 CONCLUSIONS

Based on the results of research on multinational companies show unsatisfactory result, it is concluded that there is no significant effect of multinationality on tax avoidance. There is no significant effect on the utilization of tax haven on tax avoidance, there is no significant effect of tax uncertainty on tax avoidance, there is no significant effect on CSR disclosure on tax avoidance.

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