



Capital Intensity and Tax Avoidance: A Case in Indonesia



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Abstract

This study examines the relationship of capital intensity as a moderating variable to the relationship of tax avoidance in Indonesia. Here, we examined social responsibility, audit committee, the board of commissioner, proportion of commissioner board, and institutional ownership, as the parts of capital intensity in tax avoidance phenomena. We applied purposive sampling to gain data. A total sample of research were 32 banking data listed on the Indonesia Stock Exchange. The result of the research shows that the audit committee and institutional ownership have influenced tax avoidance, while capital Intensity as the moderation variable has not got any significant effect on corporate social responsibility.

Keywords

*audit committee;
board of commissioners;
commissioners;
corporate social
responsibility;
institutional ownership;*

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1. Introduction

The development of infrastructure is one of the Indonesian government's goals to build a country. Development carried out by the government, of course, requires a substantial cost, so that the State Budget Expenditure needs to be redesigned to support the needs of the government budget. In Indonesia, tax revenue is one of the primary sources of income and made the most important and sectors of the state.

There are two kinds of taxpayer in Indonesia. First, personal taxpayers and the second, corporate taxpayers, or can also be called as companies. In fact, the tax collection of these firms is not in line with the expectations of the government, since the company considers that the tax payment is a burden to the company. The government as the principal requires tax revenue as much as possible, while the company as an agent requires minimum tax payment to the state. Therefore, many companies, theoretically, have tried to avoid tax.

According to Okrayanti *et al.*, (2017), tax avoidance is a barrier that exists or occurs in tax collection. Meanwhile, according to Anderson (Rahayu, 2010), tax avoidance is a way of reducing taxes that are still within the limits of the provisions of taxation legislation and can be justified mainly through tax planning.

Tax resistance committed by corporate clients led to non-compliance with the government. This is caused by the conflict of agency or principal and agent, so management takes a business decision that resulted in the company doing tax planning action through tax avoidance. These actions, evidenced by the cases that hit major companies in the world, one of the new cases is tax havens. Tax havens are defined as a country or region that imposes low taxes or does not at all impose taxes and provides a safe place for deposits to withdraw capital. Thus, tax havens can be designated as a place for tax avoidance.

Tax avoidance actions can be done on a variety of strategies, such as using exceptions, and allowable deductions in the terms, as well as exploiting loopholes in applicable tax laws (Oktofian, 2015). As a result of these actions, the Government of Indonesia issued the Tax amnesty program as one of the measures to reduce tax avoidance contained in Law No. 11 of 2016 on taxation.

Huseynov & Klamm (2012), states that companies that take tax avoidance actions are considered to have no sense of social responsibility. As quoted from <https://wordbank.org>, basically the company is required to be responsible for all its activities to stakeholders. Watson & Luke (2011); Hoi *et al.*, (2013), states that low-ranking firms in Corporate Social Responsibility are considered socially irresponsible companies so that companies can engage in more aggressive tax strategies than social-conscious ones.

Tax avoidance practices can be influenced by good corporate governance (Audit Committee, Board of Commissioners, Proportion of Independent Board of Commissioners, and Institutional Ownership). According to the Forum for Corporate Governance in Indonesia, the duties and responsibilities of the audit committee, generally have three areas: financial reporting, good corporate governance, and corporate oversight. Jensen & Meckling (1976), states that the board of commissioners as the principal or owner has to oversee and control their opportunistic acts. Meanwhile, according to Santoso & Muid (2014), stated that the Board of Commissioners is the core of good corporate governance which is assigned to guarantee the strategic implementation of the company, supervise the management in managing the relationship and oblige the implementation of accountability.

Research on Corporate Social Responsibility and Good Corporate Governance has been conducted before, such as Dharma, & Noviri (2017), stated that Corporate Social Responsibility negatively affects Tax Avoidance, while the result of research conducted by Rahmawati (2016), stated that Corporate Social Responsibility has a significant positive influence on Tax Avoidance.

Aside from independent commissioners, institutional ownership has an important role to monitor, discipline, and influence manager behavior. The higher the institutional ownership owned by the firm, the less aggressive tax policy action, because the institutional owners are very concerned about the long-term impact that will result from aggressive tax action (Zemzem & Ftouhi, 2013). So the higher the institutional ownership will lead to greater control and tax avoidance action is smaller.

Another factor that can affect a company in paying taxes is capital intensity where these factors affect the effective rate of taxes directly. Muzakki & Darsono (2015), asserted that the company's fixed assets, allowing

the company to withhold taxes due to the depreciation of its fixed assets annually so that the depreciation expense is a deductible cost of fixed asset depreciation annually.

Another study conducted by [Fadhilah \(2014\)](#), on Good Corporate Governance to Tax Avoidance states that the Proportion of Independent Board of Commissioners and Proportion of Institutional Ownership does not affect Tax Avoidance, while audit committee has a significant effect on Tax Avoidance. This is similar to a study conducted by [Sarrah \(2017\)](#), that the audit committee influences Tax Avoidance. The results of the study, not in line with research conducted by [Sukartha & Swingly \(2015\)](#), which states that the audit committee does not affect tax avoidance.

With the understanding related to previous research showing the contradictory result, the researchers are interested to conduct similar research by adding more variables that are capital intensity as the moderation variable. The reason is; Capital intensity has an effect on tax avoidance as the depreciation expense of the assets owned by the company can affect the amount of taxable income to be paid. So the purpose of research to determine the intensity of capital as a moderating variable, corporate social responsibility relationships and the role of corporate governance in tax avoidance.

2. Materials and Methods

The object of this study was a banking company listed on the Indonesia Stock Exchange in 2013-2016. The banking company was chosen as a reference to the research conducted by [Wijayanti & Chomsatu \(2017\)](#). Currently, the banking industry is experiencing a golden era due to tax amnesty, as banks designated by the finance ministry keeps all repatriation funds. Therefore, banking is one of the sensitive sectors concerning tax disclosure, because of the need for transparency in disclosing tax avoidance. The tax avoidance disclosure rate is expected to be able to describe the state of banking in performing its tax obligations.

This research focused only on banking companies listed on the Indonesia Stock Exchange (BEI) within 4 (four) years. This was conducted to avoid the existence of the industrial effect. The research applied was a quantitative method, which used secondary data analysis especially internal data, which is accounting and operation documents collected and stored in an organization ([Noch & Rashid, 2012](#)). Source of data obtained from Indonesia Capital Market Directory.

The variables that examined and analyzed were 1) tax avoidance as the dependent variable and 2) the independent variables, including corporate social responsibility, audit committee, the board of commissioner, the proportion of independent board of commissioner, and institutional ownership. The brief explanation of the variables is as follows.

[Suandy \(2011\)](#), describes that tax avoidance is a legally sanctioned undertaking by utilizing provisions in the field of taxation optimally, such as exceptions and permitted deductions, as well as the benefits of unregulated matters and weaknesses, is in the applicable rules. Tax resistance action can be divided into several types, but two types are better known in tax advocates aggressively, among others: tax evasion is the act of tax avoidance in violation of law, and tax evasion is an action that done deliberately not report conditions or eliminate the transaction to make tax rates lower. This is due to the shortcomings contained in Indonesian taxation legislation ([Winata, 2014](#)). Therefore, it can be stated that tax avoidance utilizes various weaknesses contained in the tax legislation.

Tax amnesty is a program of the Indonesia government. In Indonesia, at this time the government of President Joko Widodo runs a program called Tax amnesty. Tax amnesty is the abolition of taxes that should be payable, not subject to sanctions tax administration and criminal sanctions in the field of taxation by revealing the property and pay the ransom. Based on Law Number 11 the Year 2016 concerning Forgiveness of Tax on the principle and purpose of the implementation of tax amnesty that is based on the principle of legal certainty, justice, benefit, and national interest. So it can be said that tax amnesty is one means to assist the government in strengthening tax revenue in Indonesia for the better. The same thing was disclosed by the Minister of Finance of the Republic of Indonesia, Sri Mulyani. She stated that amnesty tax will strengthen tax revenue, besides, will strengthen tax revenue and ability to estimate the tax recipient."

According to [Elkington \(1998\)](#), corporate social responsibility is packed in three focuses, good persuasion not only pursues economic profit (Profit) but has concern for the environment (planet) and people's prosperity. One form of corporate social responsibility is to pay taxes to the government in accordance with

existing conditions. Because the tax funds will be used by the government to carry out state duties in various sectors of life to achieve shared prosperity (Yoehana, 2013). The World Business Council for Sustainable Development (WBCSD, 2018), defines CSR that is from calling the business to contribute to sustainable economic development, working with the employees of the company, the employee's family, following the local community-local-local community and society as a whole, in order to improve the quality of life".

A special standard governing CSR determines disclosure of corporate social responsibility (CSR) information of each company. In general, companies use sustainability report standard created by GRI (Global Reporting Initiative) as a reference for the preparation of the CSR report (Muzakki, 2015). The Global reporting initiative is used to analyze the fundamental relationship between the impact of sustainability and strategy and the operation of their business, G4-based should include aspects that reflect the significant impact of the organization on economic, environmental and social issues; or which impact substantive assessments and stakeholder decisions (Global Reporting Initiative, 2014).

Based on research Muzakki's (2015), Corporate Social Responsibility affects tax evasion. Meanwhile, according to Dharma & Noviani (2017), Corporate Social Responsibility affects tax avoidance. This suggests that the higher CSR disclosures by firms will lower tax evasion practices. Thus, it is expected that the CSR disclosure rate made by the company does not avoid tax evasion. The first hypothesis was H₁: Corporate Social Responsibility affects Tax Avoidance.

Corporate governance can be defined as a set of policies that affect the direction, management, and control of a company (Rahmawati, 2016). According to Irawan & Farahmita (2012), there were surveys which showed that in 2002 Indonesia had held the lowest position concerning audit and compliance, accountability to shareholders, disclosure standards, and transparency and the role of the board of directors. The role of corporate governance as a structure and system mechanism in encouraging management compliance with tax payments is deemed necessary. Good Corporate Governance in the Regulation of the State Minister of State Owned Enterprises Number: PER-01 / MBU / 2011 on the Implementation of Good Corporate Governance in State-Owned Enterprises, GCG is the principles underlying a process of corporate governance mechanism based on legislation and business ethics (Jurnali *et al.*, 2007).

Corporate Governance mechanisms are related to the prosperity of the company and its shareholders so that its delivery is expected to contribute positively to the company as a whole (Sandy & Lukviarman, 2015). In this study, the authors used four variables. The variables are described as follows.

Variable of Audit Committee

It is one of the important organizations in the company especially in the application of Good Corporate Governance. According to Winata (2014), an audit committee is a group of people selected from the board of commissioners who are responsible for overseeing the financial reporting and disclosure process.

The audit committee is in charge of overseeing the internal and external auditors and ensuring that management takes the necessary corrective action in a timely manner to address the weaknesses of control and non-compliance with applicable policies, laws, and regulations (Hanggraeni, 2015), according to Hidayati & Fldiana (2017); Sukartha & Swingy (2015), stated that the audit committee has an influence on tax avoidance. The second hypothesis was H₂: Audit Committee affects Tax Avoidance.

Variable of the Board of Commissioners

It is a council charged with supervising and advising the director. In Indonesia, the Board of Commissioners is appointed by the General Meeting of Shareholders and in Act No. 40 of 2007 concerning Limited Personnel described the functions, authority, and responsibilities of the board of commissioners. Santoso & Muid (2014); Hadi & Mangoting (2014), stated that the commissioners affected tax evasion. The third hypothesis was H₃: The Board of Commissioners Affects Tax Avoidance

Variable of Proportion of Independent Board of Commissioners

It is to supervise in general the special or funds in accordance with the basic budget and advice the directors (Law No. 40 of 2007). Independent Commissioner is a person who has no affiliation with shareholders, the board of directors or board of commissioners, and does not have a position of directors in the company concerned (Pradipta & Supriyadi, 2016). Board of commissioners is expected to improve supervision to prevent possible tax avoidance actions by management (Wulandari, 2015). According to research by Dinatari & Ulupui (2016) and Rosalia & Sapari (2017), the same opinion is that independent commissioners influence tax evasion. While the results of research conducted by Rosalia & Sapari (2017) are not in line with Asri & Suardana (2016), where independent commissioners do not affect tax evasion, while Rosalia & Sapari (2017) independent commissioner negatively affects tax avoidance. The fourth hypothesis was H₄: Independent Commissioner affects Tax Avoidance

Variable of Institutional Ownership

It is ownership of shares owned by a company or institution like an insurance company, bank or Investment Company and other institutional ownership (Wien, 2010). In every company, external supervision is required so that that company performance can be more optimal. The more value invested in an organization will make monitoring in the organization higher (Diantari & Ulupui, 2016).

Research conducted by Wijayani (2016), on the Influence of Profitability, Family Ownership, Corporate Governance, and Institutional Ownership to Tax Avoidance in Indonesia. The dependent variable in this research is CETR (Cash Effective Tax Rate). While for the independent variable in this research is profitability, family ownership, corporate governance, and institutional ownership. The results of the research profitability affect tax avoidance, family ownership does not affect tax avoidance, while institutional ownership has a significant negative effect on tax evasion. H₅: Institutional Owners Affect Tax Avoidance.

The next, variables of capital intensity. According to Rodriguez & Arias (2012), the company's fixed assets allow the company to withhold taxes due to the depreciation of its fixed assets annually. Anthony & Govindarajan (2012), reveals below according to agency theory every individual will act for their interests. In theory, the agency explains the difference of interest between principal and agent.

Management's keenness is to get the desired compensation by improving the company's performance. In this case, management can utilize depreciation of fixed assets to reduce the corporate tax burden. Managers will invest the company's idle funds into fixed assets, with the aim of utilizing depreciation as a deduction of the tax burden. So the company's performance will increase due to the reduction of the tax burden, and the desired manager performance compensation will be achieved (Muzakki & Darsono, 2015).

According to Waluyo & Kearo (2002), capital intensity reflects how much capital is needed to generate income. Proper asset ownership reduces the tax payments that companies pay due to depreciation costs attached to fixed assets. Meanwhile, according to Darmadit (2013), depreciation costs can be utilized by managers to minimize taxes paid by the company. Management will invest fixed assets by using the company's idle funds to benefit from the depreciation expense that is used as tax revenue. H₆: capital intensity can moderate the influence of CSR on Tax avoidance.

In conducting the current study, we applied several theories as follows. First, Agency Theory. Jensen & Meckling (1976), proposed the separation of functions between management as an agent and shareholders or owners of the company as a principle, while management is an agent that acts for the benefit of shareholders is to maximize shareholder wealth. In such a relationship raises an agreement between principle and agent (Hidayati & Fidiana, 2017). Agreement between principle and agent to receive a reward from the result of company management activity (Siregar & Widyawati, 2016).

Tax avoidance measures in agency theory are defined as rent extraction. Rent extraction is the actions of managers who do not to maximize the interests of owners or shareholders, but for personal gain. Tax avoidance measures in contemporary outlook have two goals. Not only to cover up opinions from the tax authorities but also to cover up clandestine activities that could harm the owner or shareholders (Septiadi *et al.*, 2015). According to Meisser *et al.*, (2006), agent relationship resulted in two problems: 1) the occurrence of information asymmetry, where management more information about the real position of budget and the position of the entity's operations of the owner so as to encourage agents to present information that is not

true to the principle; and 2) the occurrence of conflict of interest due to inequality of purpose, where management does not always act in accordance with the interests of the owner.

Second, Stakeholder Theory. A company's success depends on its ability to balance the diverse interests of its stakeholders or stakeholders (Lako, 2011). Stakeholders according to Freeman *et al.*, (2011), any group or individual that can influence or be influenced by the achievement of organizational goals. Opinions from Gray, Kouhy & Adams (1994), say that: "the survival of the company depends on the support of stakeholders, and the support should be sought so that the company's activity is to seek such support. Social disclosure is considered part of a dialogue between the company and its stakeholders. "

Another opinion from Chriri (2008), stated that the theory of stakeholders is to explain the company not only prioritize the interests of stakeholders but the company began to prioritize the community and social environment. So it is stated that every company has a social responsibility that requires them to consider the interests of all parties affected by the impact of the company's activities.

Third, Theory of Legitimacy. Dowling & Pfeffer (1975), explains that the organizational theory seeks to create harmony between the social values that exist in the organization's activities with the norms that exist in the social environment in which the organization is part of the social environment. Hidayati & Murni (2009), states that for the company, the legitimacy of society can be obtained if the company performs social responsibility. While Pradipta & Supriyadi (2016), explains that the theory of corporate legitimacy is required to be able to perform its activities in accordance with the values of justice and the restrictions that apply norms in society. Legitimacy can be regarded as equating perceptions or assumptions that actions taken by an entity are desirable, appropriate or appropriate to a socially developed system of norms, values, beliefs, and defines (Suchman, 1995).

The rationale for this theory of legitimacy is that the organization or company will continue to exist if the community realizes that the organization operates for a value system commensurate with the community's value system itself. Thus, this theory of legitimacy suggests that companies need to convince people about their activities and performance. Companies will use their annual reports in describing environmental activities and responsibilities so that the community can accept them.

3. Results and Discussions

In this section, we report what was found in the study. First, we present descriptive of statistics and classical assumption testing. After that, we explain the result in the discussions section.

Descriptive of Statistics

From the calculation of descriptive statistics from tax avoidance obtained value as shown below:

Table 1
Descriptive of Statistics

Description	Mean	Std. Deviation	N (Sample)
Tax Avoidance (Y)	3,5000	1,36783	32
Corporate Social Responsibility (X1)	,7778	,13183	32
Audit Committee (X2)	5,0000	1,96748	32
Board of Commissioners (X3)	7,3750	1,23784	32
Proportion of Independent Commissioners (X4)	,5000	,08799	32
Institutional Ownership (X5)	,2034	,31837	32

From the above table, it can be seen that the amount of data used is 32, the distribution of Corporate Social Responsibility (CSR), Audit Committee, Proportion of Independent Board of Commissioners, and Tax Avoidance each have the very good condition because the Mean is greater than Std. Deviation. It is different from the data of Infrastructure Ownership that the Mean of Organizational Ownership is less than Std. Deviation is $0.2034 < 0.31837$.

Classical Assumption Testing

Normality Test

Normality test results in the study can be seen in the following figure:

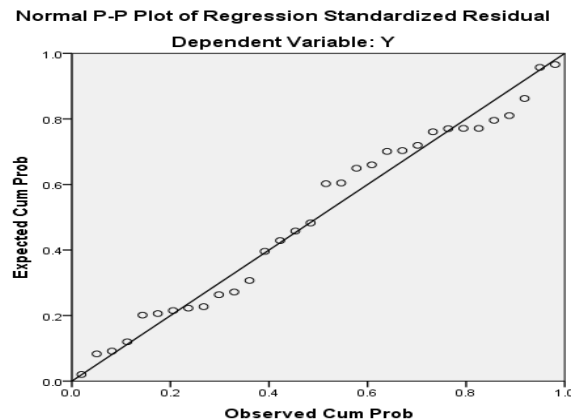


Figure 1. Normality test

Based on figure 1, some dots spread on the diagonal line, in the picture the spread from the direction of the diagonal line slightly away. Thus, it can be said that the normality test does not meet the normality assumption requirement. Therefore, the Kolmogorov-Smirnov test was used to test the residual normality.

Multicollinearity Test

Multicollinearity test results can be seen in Table 2.

Table 2
Multicollinearity test results

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Corporate Social Responsibility (X ₁)	.669	1.495
Audit Committee (X ₂)	.638	1.568
Board of Commissioners (X ₃)	.297	3.372
The proportion of Independent Commissioners (X ₄)	.378	2.646
Institutional Ownership (X ₅)	.755	2.646

Based on multicollinearity test results in Table 2, Multicollinearity Test Results, it is known that the Tolerance value of each independent is higher than 0.1 and the VIF value is less than 10. This indicates that the absence of multicollinearity.

Autocorrelation Test

The test used the Durbin-Watson (DW) technique. The results of the autocorrelation test can be seen in table 3. The results of the autocorrelation test are shown below:

Table 3
Autocorrelation test results

Model	R	R Square	Durbin-Watson
1	,902 ^a	,813	1,437

Based on Table 3, Autocorrelation test results, it was found that the Durbin-Watson value of 1.437 indicates that the DW value is between -2 and +2 or $-2 < DW < +2$, so it can be concluded that the regression equation has no autocorrelation.

Heteroscedasticity Test

To investigate the inequality of the research, therefore, testing is required by using the Glejser test. Glejser test is one way to regress between independent variables with an absolute residual of more than 0.05, and then there is no regression problem. The results are displayed in table 4 Test Glejser below:

Table 4
Test Glejser

Model	T	Sig.
(Constant)	-,597	,556
Corporate Social Responsibility (X ₁)	1,592	,123
Audit Committee (X ₂)	,945	,353
Board of Commissioners (X ₃)	-,006	,995
Proportion of Independent Commissioners (X ₄)	,525	,604
Institutional Ownership (X ₅)	1,015	,320

Based on the results of tests that have been conducted using Glejser test, the results are positive. This can be seen from the results of Sig. Which all have values above 0.05. Therefore, H₀ is accepted because it does not have heteroscedasticity.

Multiple Regression Analysis

Multiple regression analysis in this research is to test the independent variables, namely: corporate social responsibility, audit committee, the board of commissioner, the proportion of independent board of commissioner, and institutional ownership and test proxy of CETR as the dependent variable. The results of data processing from SPSS for multiple regression analysis are shown in Table 5. Multiple Analysis Test Results below:

Table 5
Multiple Analysis Test

Variable	Unstandardized Coefficients (B)	t-count	Sig.	Description
Constant	2,505			
Corporate Social Responsibility (X ₁)	0,549	0,510	0,614	Not significant
Audit Committee (X ₂)	-0,550	-7,450	0,000	significant
Board of Commissioners (X ₃)	0,098	0,568	0,575	Not significant
Proportion of Independent	4,380	2,042	0,051	Not significant

Commissioners (X ₄)				
Institutional Ownership (X ₅)	2,003	4,776	0,000	significant
CINT (Z)	-6,543	-0,065	0,949	Not significant
R Square	0,813			
Adjusted R Square	0,777			
Durbin-Watson	1,437			
T table	2,05183			

Based on the result of multiple regression analysis, the following regression equation obtained: $Y (\text{CETR}) = 0,542 - 0,764 (X_1) + 0,031 (X_2) + 0,000 (X_3) + 0,503 (X_4) + 0,190 (X_5) + e$. It is stated that results of regression equations that have been raised, then the results of multiple regression tests, as follows:

- H1, in this study, is Corporate Social Responsibility Affect Tax Avoidance. Based on t-count test results, it obtained 0.510 and sig value 0.614. It means that the sig value $0.614 > 0.05$. This also means that CSR disclosure variables have no effect on Tax Avoidance of banking companies. Thus, H1 "Disclosure of CSR does not affect Tax Avoidance" is rejected.
- H2, in this study, is the Audit Committee affects Tax Avoidance. Based on the t-count test of -7.450 and the value of sig.0,000, It is known that the sig value. $0,000 < 0.05$. This means that the Audit Committee has an effect on Tax Avoidance on banking companies. Thus, H2 "Audit Committee effect on Tax Avoidance" is accepted.
- H3, in this study, is the Board of Commissioners affects Tax Avoidance. Based on the result of the t-count test, it can be known that 0.568 with sig value. 0.575 is equal. Then the sig value is known $0.575 > 0.05$. This means that the Board of Commissioners has no effect on Tax Avoidance on banking companies. Thus H3 'Board of Commissioners does not affect Tax Avoidance' is rejected.
- H4, in this study, is the Proportion of Independent Commissioner affects Tax Avoidance. Based on the result of the t-count test can be known as 2,042 with sig value. 0.051. Then the sig value is known. $0.051 > 0.05$. This means that the Proportion of Independent Commissioners has no effect on Tax Avoidance on banking companies. Thus H4 "PDKI effect on Tax Avoidance" is rejected.
- H5, in this study, is the Institutional Ownership of Tax Avoidance. Based on the t-count test result can be known equal to 4,776 with value sig.0,000. Then the sig value is known. $0,000 < 0.05$. This means that Institutional Ownership affects Tax Avoidance in banking companies. Thus H5 "Institutional Ownership of Tax Avoidance" is accepted.
- H6 hypothesis of this study used the moderation variables as shown in Table 4.8. Based on the analysis of Moderate Regression Analysis (MRA), it has a value of t -0.065 with a value of sig.0,949. So, the value of sig.0,949 > 0.05 . This means the moderating variable (CSR * CINT) is not significant at the 5% level. Therefore, it can be concluded that this study cannot reject Ho and also cannot accept Ha. It also can be concluded that the Capital Intensity variable is not a moderating variable, or CSR disclosure cannot increase the disclosure of Tax Avoidance when performing high Capital Intensity calculations. Thus H6, 'The higher level of Corporate Social Responsibility disclosure and high Capital Intensity ratio will increase the Tax Avoidance action' is rejected.

Based on the results of CSR to Tax avoidance examination, it is stated that CSR has no effect on tax avoidance. The result of this analysis is similar to [Jessica & Toly \(2014\)](#); [Wijayanti & Samrotun \(2016\)](#). However, it is different from the research conducted by [Hidayati & Fidiana \(2017\)](#) who stated that CSR has got a positive effect on Tax Avoidance.

4. Conclusion

As conclusion, we have found that CSR has no effect on tax avoidance, while the audit committee has got an effect to tax avoidance. In the other side, the Board of Commissioners has not got any effect. The result of the interaction between CSR and Capital Intensity is not significant to tax avoidance. This means that the variable of capital intensity cannot act as a moderating variable between CSR and Tax Avoidance relationships since the asset calculation remains unrelated to CSR. Therefore, it stated that Capital Intensity has no significant relationship with CSR.

Related to the conclusions, the researchers proposed for further research in the field of taxation, especially to examine the level of tax avoidance in a company. For the next researchers, it is expected to expand the research sample so that the research result can be generalized. It is also expected to not only examine the banking sector but also to examine other sectors such as mining, manufacturing, property, etc., and Increase the study period in order to obtain more valid information. The last, as this research used moderation variable, which is a new variable in this research, it is also expected that the next researchers also applied moderation variables for their future study.

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