

## What Drives the Tax Avoidance in Mining Firms?

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**Introduction:** Taxes are mandatory state contributions, yet tax avoidance in the mining sector remains a significant economic concern influenced by four primary factors. High Corporate Social Responsibility (CSR) disclosure tends to decrease avoidance as companies strive to maintain social legitimacy. Conversely, higher leverage, profitability (ROA), and company size typically increase the likelihood of tax avoidance, as firms seek to protect profits and capitalize on sophisticated management to minimize obligations.

**Methodology:** The objective of this study is to empirically examine the impact of Corporate Social Responsibility (CSR), leverage, profitability, and company size on tax avoidance in mining sector companies listed on the Indonesia Stock Exchange. Multiple regression analysis is the chosen technique for data analysis. Classic assumption tests (multicollinearity, heteroscedasticity, and normality) are performed to ensure the validity of the model.

**Results:** The results demonstrate that Corporate Social Responsibility (CSR), leverage, and profitability all negatively affect tax avoidance. Specifically, high CSR disclosure discourages avoidance as companies seek to preserve their legitimacy, while increased leverage naturally lowers taxable income through higher interest obligations. Similarly, profitable firms tend to manage tax burdens through efficient asset management rather than avoidance strategies. Conversely, company size has no significant effect, indicating that a firm's scale does not determine its tendency to avoid taxes.

**Conclusion:** This study examines the empirical factors influencing tax avoidance. The findings suggest that companies utilize Corporate Social Responsibility (CSR) to maintain a positive public image while covertly avoiding taxes. Conversely, firms with high debt levels tend to prioritize financial stability over the risks of avoidance. Furthermore, highly profitable companies generally fulfill their tax obligations rather than engaging in avoidance schemes, while company size appears to have no significant impact on these practices.

**Practical Value:** Companies committed to CSR must recognize that social responsibility necessitates tax transparency. Since high leverage attracts regulatory scrutiny, particularly regarding aggressive tax avoidance, management must balance capital structure with compliance to mitigate audit risks and legal sanctions. While large company size does not guarantee tax avoidance, highly profitable firms should be prioritized for supervision and education to ensure strict compliance.

**Direction for Future Research:** For future research, it is necessary to add the audit quality variable as a moderating variable. This can provide a more in-depth picture of the relationship mechanism between variables. Changes in tax rates or certain fiscal policies can affect the company's strategy in conducting tax avoidance.

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