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THE INFLUENCE OF THE EFFECTIVENESS OF GOOD CORPORATE GOVERNANCE AND DISCLOSURE OF CORPORATE SOCIAL RESPONSIBILITY ON TAX AVOIDANCE AND ITS IMPACT ON COMPANY VALUE (STUDY OF COAL SECTOR MINING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE 2015-2019 PERIOD)

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Abstract:
This study aims to determine the effect of good corporate Governance and corporate social responsibility on tax avoidance and their impact on firm value. This study uses a sample of the Indonesia Stock Exchange for the 2015-2019. The type of data used in this research is secondary data. The results showed that the mechanism of good corporate Governance has an effect on tax avoidance, disclosure of corporate social responsibility has no effect on tax avoidance, the mechanism of good corporate Governance has an effect on firm value, Disclosure of Corporate Social Responsibility has no effect on firm value, Tax Avoidance has a significant effect on firm value in Coal Sector Mining Company Listed on the Indonesia Stock Exchange. Good Corporate Governance positively impacts tax avoidance in small companies, strengthening relationships between shareholders, managers and employees. Disclosure of Corporate Social Responsibility (CSR) influences tax avoidance, but not for large companies that carefully report their finances to benefit stakeholders. CSR is considered a moral obligation, forming the character of an honest manager. Good Corporate Governance also contributes to increasing company value through its mechanisms. However, CSR disclosure does not affect company value. At the same time, high tax avoidance positively impacts company value, reflects profits and gets a positive response from investors in making investment decisions.

Keywords: Good Corporate Governance Mechanism, Disclosure of Corporate Social Responsibility, Tax Avoidance, Company Value

INTRODUCTION

Tax avoidance is an explicit tax deduction, whereas tax avoidance is a series of tax planning activities. Tax planning is the process of organizing the business of a taxpayer or group of taxpayers in such a way that the tax debt is in the minimum position, both for income tax and other taxes, as long as this is possible both by the provisions of tax legislation and commercially, (Zain, 2007). There are at least three things that a manager must pay attention to when carrying out tax planning actions, namely, not violating tax provisions, making business sense, and supporting evidence that is adequate during the tax planning action process (Suandy, 2006). Sunday and Ilemona (2008) (Darmadi & Zulaikha, 2013) explain that the motivation for tax planning comes not only from companies wanting to reduce their tax burden but also from the three elements of taxation itself. These motivations include (1) tax policy, (2) tax law, and (3) tax administration. An act of tax planning or appropriate tax planning will produce a minimum tax burden, which is the result of acts of tax saving and tax avoidance, which can be accepted by the tax authorities and is not tax evasion at all, which the tax authorities cannot accept or will not tolerate. Tax avoidance is an entirely

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legal action; in this case, there is absolutely no legal violation committed, and instead, tax savings will be obtained to avoid being charged a more significant tax or perhaps not being taxed at all.

Tax evasion or tax avoidance is the engineering of 'tax affairs' that remain within the framework of tax provisions (lawful). After explaining several definitions regarding tax avoidance, we can see that the main aim of tax avoidance is to lower the tax burden because companies consider paying taxes as an enormous additional cost or a transfer of wealth from the company to the government, which can reduce corporate profits.

Governance can be interpreted as a way of managing public affairs. The Forum for Corporate Governance in Indonesia (FCGI), quoted from the Cadbury Committee of the United Kingdom (FCGI, 2006), defines good corporate Governance as a set of regulations that regulate the relationship between shareholders, company administrators, creditors, government, employees and other internal and external interest holders relating to their rights and obligations or in other words a system that regulates and controls the company. Good Governance, according to Daniri (2005), is a pattern of relationships, systems and processes used by company organs (directors, board of commissioners and GMS) to provide added value to shareholders on an ongoing basis in the long term while still paying attention to the interests of other stakeholders, based on applicable laws and regulations. Meanwhile, the definition of Good Governance, according to Intihanah and Nur (2016), is good Governance in terms of the use of authority, administration, economics, and politics to manage state problems at all levels based on aspects of transparency, accountability, community participation, efficiency and effectiveness, and responsiveness. to community needs/problems within a clear legal framework. The United Nations Development Program (UNDP) defines good governance as "the exercise of political, economic, and administrative authority to manage a nation's affairs at all levels" (Mardiasmo, 2009).

Governance includes all mechanisms, processes, and institutions through which citizens and community groups express their interests, exercise legal rights, fulfill obligations, and bridge differences between them. Government Regulation (PP) Number 101 of 2000 explains the meaning of good Governance: Governance that develops and applies the principles of professionalism, accountability, transparency, excellent service, democracy, efficiency, effectiveness, and supremacy of the law and is acceptable by the whole community.

Another factor that supports improving organizational performance besides budget participation is good Governance. The Forum for Corporate Governance in Indonesia (FCGI), quoted from the Cadbury Committee of the United Kingdom (FCGI, 2006), defines good corporate Governance as a set of regulations that regulate the relationship between shareholders, company administrators, creditors, government, employees and other internal and external interest holders relating to their rights and obligations or in other words a system that regulates and controls the company.

Social responsibility is a company's moral responsibility to society. (Milton Friedman in Bertens, 2000). This moral responsibility can be directed towards oneself, employees, and other companies. When discussing social responsibility, the thing that is most highlighted is the company's moral responsibility to the community in which it carries out its activities, whether that community is in a narrow sense, such as around the factory environment or the wider community. According to another interpretation by Sukirno (2004), corporate social responsibility (CSR) is the conviction that managers will prioritize decisions that maximize social and economic benefits while organizing and managing a business. Social responsibility is an issue that must be considered as a challenge to entrepreneurs. Social responsibility must be seen as part of the company's activities and, if implemented well, will help the company's growth and profits in the long term. Social responsibility brings the idea that companies are obliged to help solve social problems along with

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efforts towards achieving company goals, namely maximizing the effectiveness of company operations. Several other definitions by experts are from Richard (2007). CSR is management's obligation to make choices and take actions that contribute to the welfare of society and the organization itself.

Then, Davis in George and John (1997), CSR refers to the decisions and actions of entrepreneurs that are at least taken for reasons that are partly outside the company's direct economic or technical interests. Lako (2011) explains in his book CSR Deconstruction & Business and Accounting Paradigm Reform that it means a company's responsibility for its actions that impact society, its community, and the environment. CSR is the business world's ongoing commitment to be responsible for the negative impacts it causes and to prevent negative business impacts from harming society and the environment.

Company value is the selling value of a company as an operating business. The excess selling value over the liquidation value is the value of the management organization that runs the company. The purpose of a company being founded is to increase company value or growth. Company growth that is easily visible is the high external assessment of the company's assets and the stock market's growth. Company value is the price willing to be paid if the company is sold. Company value can be reflected through share prices. The higher the share price, the higher the rate of return to investors, which means the higher the company's value concerning its objectives, namely to maximize shareholder prosperity. Price Earning Ratio (PER) is an approach often used by securities analysts to assess a stock or is a comparison between the market price of a stock and the earnings per share of the stock in question. This approach is based on the ratio between the share price per share prevailing in the capital market and the net profit level available to shareholders. PER is also a measure to determine the market values or prices a company shares.

The desire of investors to carry out stock analysis through financial ratios such as the Price Earning Ratio is due to the desire of investors or potential investors for a decent return from a stock investment. Investors use price Earning Ratio to predict a company's ability to generate profits in the future. Investors can consider this ratio to sort out which stocks will provide large profits in the future. Companies with high growth opportunities usually have a high PER, and vice versa; companies with low growth have a small or low PER. A high PER does not necessarily reflect good performance because the company's average profit growth could cause a high PER.

Review Theories and Hypotheses

1. Agency Theory. The grand theory in this research uses Agency Theory. Agency Theory explains that an agency relationship is a contract where one or more people (principals) order another person (agent) to perform a service on behalf of a variable and give authority to the agent to make the best decision for the variable (Jensen & Meckling, 1976). This theory illustrates that the agent variable relationship framework is essential for analyzing public policy commitments. The creation and implementation of public policy is related to contractual problems, namely asymmetric information, moral hazard and adverse selection.

2. Tax Avoidance. Hanlon and Heitzman (2010) define tax avoidance as an explicit tax deduction, where tax avoidance is a series of tax planning activities. Tax planning is the process of organizing the business of a taxpayer or group of taxpayers 30 in such a way that the tax debt is in the minimum position, both for income tax and other taxes, as long as this is possible both by the provisions of tax legislation and commercially (Zain, 2007). There are at least three things that a manager must pay attention to when carrying out tax planning actions, namely, not violating tax provisions, making business sense, and supporting evidence that is adequate during the tax planning action process (Suandy, 2006). Sunday and Ilemona (2008) (Darmadi & Zulaikha, 2013) explain that the motivation for tax planning comes not only from companies wanting to reduce their tax burden but also from the three elements of taxation itself. These motivations include (1) tax policy, (2) tax law, and (3) tax administration. An act of tax planning or appropriate tax planning will produce a minimum tax burden resulting from tax saving and tax avoidance, which can be accepted by the tax authorities and is not tax evasion, which the tax authorities cannot accept or will not tolerate. Tax avoidance is an entirely legal action; in this case, there is absolutely no legal violation committed, and instead, tax savings will be obtained to avoid being charged a more significant tax or perhaps not being taxed at all (Zain, 2007). According to the Fiscal Affairs Committee of the Organization for Economic Cooperation and Development (OECD), there are three characteristics of tax avoidance or tax avoidance, in (Suandy, 2006):

a. There is an element of artificial arrangement, where various arrangements appear to be contained in them even though they are not, and this is done because of the absence of tax factors.
b. Such schemes often exploit loopholes or apply legal provisions for various purposes contrary to the law's content.
c. Confidentiality, in this case, is the consultant appointed by the company to handle the company's taxes, usually showing how to avoid tax, provided that the taxpayer must maintain confidentiality as much as possible.

3. Good Governance. Governance can be interpreted as a way of managing public affairs. The Forum for Corporate Governance in Indonesia (FCGI), quoted from the Cadbury Committee of the United Kingdom (FCGI, 2006), defines good corporate Governance as a set of regulations that regulate the relationship between shareholders, company administrators, creditors, government, employees and other internal and external interest holders relating to their rights and obligations or in other words a system that regulates and controls the company. Good Governance, according to Daniri (2005), is a pattern of relationships, systems and processes used by company organs (directors, board of commissioners and GMS) to provide added value to shareholders on an ongoing basis in the long term while still paying attention to the interests of other stakeholders, based on applicable laws and regulations. Meanwhile, the definition of Good Governance, according to Intihanah and Nur (2016), is good Governance in terms of the use of authority, administration, economics, and politics to manage state problems at all levels based on aspects of transparency, accountability, community participation, efficiency and effectiveness, and responsiveness. to community needs/problems within a clear legal framework. The United National Development Program (UNDP) defines good governance as "the exercise of political, economic, and administrative authority to manage a nation's affairs at all levels" (Mardiasmo, 2009).

Indicators of suitable corporate governance mechanisms include managerial ownership, institutional ownership, independent boards of commissioners, and audit committees (Nuryana & Surjandari, 2019).

4. Corporate Social Responsibility. Social responsibility is a company's moral responsibility to society (Milton Friedman in Bertens, 2000). This moral responsibility can be directed towards oneself, employees, and other companies. When discussing social responsibility, the thing that is most highlighted is the company's moral responsibility to the community in which it carries out its activities, whether that community is narrow, such as around the factory environment or the wider community. According to Sukirno (2004), there is another perspective on the meaning of CSR. He believes that corporate social responsibility is a belief that managers while organizing and managing a business, will make decisions that prioritize social and economic interests. Social responsibility is an issue that must be considered as a challenge to entrepreneurs. Social responsibility must be seen as part of the company's activities and, if implemented well, will help the company's growth and profits in the long term. Social responsibility brings the idea that companies are obliged to help solve social problems along with efforts towards achieving company goals, namely maximizing the

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effectiveness of company operations. Several other definitions by experts are from Richard (2007). CSR is the management's obligation to make choices and take actions that contribute to the welfare of society and the organization itself.

Then, Davis in George and John (1997), CSR refers to the decisions and actions of entrepreneurs that are at least taken for reasons that are partly outside the company's direct economic or technical interests. Lako (2011) explains in his book CSR Deconstruction & Business and Accounting Paradigm Reform that it means a company's responsibility for its actions that impact society, its community, and the environment. CSR is the business world's ongoing commitment to be responsible for the negative impacts it causes and to prevent negative business impacts from harming society and the environment.

5. Company Value. According to Sartono (2010), company value is the selling value of a company as an operating business. The excess selling value over the liquidation value is the value of the management organization that runs the company. The purpose of a company being founded is to increase company value or growth. Company growth that is easily visible is the high external assessment of the company's assets and the stock market's growth. Company value is the price willing to be paid if the company is sold. Company value can be reflected through share prices. The higher the share price, the higher the rate of return to investors, which means the higher the company's value concerning its objectives, namely, to maximize shareholder prosperity. Price Earning Ratio (PER) is an approach often used by securities analysts to assess a stock or is a comparison between the market price of a stock and the earnings per share of the stock in question. This approach is based on the ratio between the share price per share prevailing in the capital market and the net profit level available to shareholders. PER is also a measure to determine the market values or prices a company shares.

The desire of investors to carry out stock analysis through financial ratios such as the Price Earning Ratio is due to the desire of investors or potential investors for a decent return from a stock investment. Investors use price Earning Ratio to predict a company's ability to generate profits in the future. Investors can consider this ratio to sort out which stocks will provide large profits in the future. Companies with high growth opportunities usually have a high PER, and vice versa; companies with low growth have a small or low PER. A high PER does not necessarily reflect good performance because the company's average profit growth could cause a high PER.

Framework of Thought. Tax avoidance is a transaction scheme aimed at minimizing the tax burden by exploiting the loopholes in a country's tax regulations so that tax experts declare it legal because it does not violate tax regulations (Ningtias, 2015). Tax avoidance is an essential corporate strategy. Traditionally, tax avoidance by companies is the transfer of wealth from the government to companies, which should increase the company's value.

The Forum for Corporate Governance in Indonesia (FCGI), quoted from the Cadbury Committee of the United Kingdom (FCGI, 2006), defines Good Corporate Governance as a set of regulations that regulate the relationship between shareholders, company administrators, creditors, government, employees and other internal and external interest holders relating to their rights and obligations or in other words a system that regulates and controls the company. Meanwhile, according to Supriyanto (2000), Good Corporate Governance is the process and structure implemented in running a company with the main aim of increasing shareholder value in the long term while still paying attention to the interests of other stockholders.

Meanwhile, according to Edi (2007), Corporate Social Responsibility (CSR) is a business operation committed to increasing the company's financial profits and to the regional socio-economic development in a holistic, institutional, and sustainable manner. In empowerment, CSR is part of company policy carried out professionally and institutionally. CSR is synonymous with CSP

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(corporate social policy), a company strategy and roadmap that integrates corporate economic, legal, ethical, and social responsibilities.

According to Sartono (2010), company value is the selling value of a company as an operating business. The excess selling value over the liquidation value is the value of the management organization that runs the company. Company growth that is easily visible is the high external assessment of the company's assets and the stock market's growth. Company value can be reflected through share prices. The higher the share price, the higher the rate of return to investors, which means the higher the company's value concerning its objectives, namely to maximize shareholder prosperity.

H1: Good Corporate Governance Influences Tax Avoidance
H2: Corporate Social Responsibility Influences Tax Avoidance
H3: Good Corporate Governance influences Company Value
H4: Corporate Social Responsibility influences company value
H5: Tax Avoidance Influences Company Value

METHODS

Research Population and Sample. Population is a generalization area consisting of objects/subjects with specific qualities and characteristics that researchers apply to study and then draw conclusions (Sugiyono, 2014). Based on the definition above, the population for this research is all Coal Sector Mining Companies registered on the IDX for the 2015-2019 period.

The sample is part of the number and characteristics of the population. For this reason, samples taken from the population must be genuinely representative (Sugiyono, 2014). Researchers used sampling using the Purposive Sampling technique, namely determining samples based on considerations or criteria following the research objectives.

Research Variables and Operational Definitions of Variables. In this research, the dependent variable is Tax Avoidance (Y). Tax avoidance is a series of tax planning activities. Tax planning is organizing a taxpayer's business or group of taxpayers 30 so that the tax debt is in the minimum position for income tax and other taxes, as long as this is possible both by the provisions of tax laws and commercially. There are at least three things that a manager must pay attention to when carrying out tax planning actions, namely, not violating tax provisions, making business sense, and supporting evidence that is adequate during the tax planning action process.

The independent variables in this research are Good Governance and Corporate Social Responsibility (X). good corporate Governance is a set of regulations that regulate the relationship between shareholders, company administrators, creditors, government, employees, and other internal and external stakeholders relating to their rights and obligations or, in other words, a system that organizes and controls the company.

According to Sukirno (2004), corporate social responsibility (CSR) is the belief that managers should make decisions based on maximizing social and economic interests while organizing and managing a business. According to Sukirno (2004), corporate social responsibility (CSR) is the belief that managers should make decisions based on maximizing social and economic interests while organizing and managing a business. Social responsibility is an issue that must be considered as a challenge to entrepreneurs.

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RESULT AND DISCUSSION

Researchers researched coal sector mining companies listed on the IDX for 2015-2019. Total population of 25 companies. Of this number, purposive sampling was used, with the criteria of companies consistently publishing their financial reports on the IDX, which did not meet the requirements of 2 companies, so that the data processed became 23 samples.

A. Description of the Research Object. Community results were obtained using factor analysis. The KI variable with an extraction result of 0.818 was found to be most dominant in the GCG mechanism, which could be represented in multiple regression.

1. Good Corporate Governance Mechanism. The overall Good Corporate Governance (GCG) descriptive statistics results show that from a total sample of 115 samples from coal sector mining companies listed on the Indonesia Stock Exchange (BEI) in 2015-2019, there is a minimum value of Good Corporate Governance (GCG) of 43,910. The maximum value of GCG is 86,560. The average value (mean) is greater than the standard deviation, indicating that the average for the last five years of GCG in 23 companies has a pretty good percentage data distribution.

2. Corporate Social Responsibility (CSR) Disclosure. The results of descriptive statistical tests show that the minimum value for CSR disclosure is 0.43956, and the maximum value is 0.505494. The average value (mean) is greater than the standard deviation, indicating that 23 companies have been responsible for their social activities over the last five years of CSR disclosure.

3. Tax Avoidance. The results of descriptive statistical tests show that the minimum value of Tax Avoidance is -769. Moreover, the maximum value is 6667. The average value (mean) is smaller than the standard deviation, indicating that the average for the last five years of Tax Avoidance in 23 companies could be better.

4. The value of the company. The results of descriptive statistical tests show that the minimum value of Company Value is 11. Moreover, the maximum value is 157. The average value (mean) is greater than the standard deviation, indicating that the average company value for the last five years in 23 companies is quite good.

B. Hypothesis test

1. Coefficient of Determination (R2). From the results of model 1 calculations, the R2 value is 0.647, meaning that Tax Avoidance of 64.7% can be explained by the Good Corporate Governance Mechanism and Good Corporate Governance Disclosure variables. Meanwhile, the remaining 35.3% is explained by other variables outside the model.

From the results of model 2 calculations, the R2 value is 0.849, meaning that the Company Value of 84.9% can be explained by the Good Corporate Governance Mechanism and Good Corporate Governance Disclosure variables. Meanwhile, the remaining 15.1% is explained by other variables outside the model.

From the calculation results of model 3, the R2 value is 0.528, meaning that the Tax Avoidance variable can explain the company value of 52.8%. Meanwhile, the remaining 47.2% is explained by other variables outside the model.

2. Simultaneous Test (F Test). The results of model 1 show that the calculated F is 11.017 with a probability of 0.002. It can be concluded that CSR disclosure and GCG mechanisms jointly influence Tax Avoidance because the p-value is smaller than 0.05.

The results of model 2 show that the calculated F is 33.692 with a probability of 0.000. It can be concluded that CSR disclosure and GCG mechanisms affect company value because the p-value is smaller than 0.05.

3. Partial Test (t Test). The Good Corporate Governance Mechanism variable has a significance value of 0.000, much smaller than 0.05. So, suitable corporate governance mechanisms influence company value.

The Corporate Social Responsibility Disclosure variable has a significance value of 0.535, much more significant than 0.05. It can be concluded that Corporate Social Responsibility Disclosure does not affect company value.

The Tax Avoidance variable has a significance value of 0.000, much smaller than 0.05. It can be concluded that tax avoidance influences company value.

4. Regression Equations.

a. For MGCG PCSR on the dependent variable Tax Avoidance, the regression equation is:

$$TA = 10075{,}118 + (-{,}130MGCG) + (-2{,}766E\text{-}6PCSR) + e$$

b. For MGCG PCSR on the dependent variable Company Value, the regression equation is:

$$NP = (-73{,}722) + {,}003MGCG + (-2{,}199E\text{-}8PCSR) + e$$

c. For TA on the dependent variable Company Value, the regression equation is:

$$NP = 96{,}519 + (-{,}012TA) + e$$

CONCLUSION

Based on the results of data analysis and the discussion that has been presented, it can be concluded that the results of this research are as follows:

Good Corporate Governance influences tax avoidance. Good Corporate Governance in relatively small companies means that the relationship between shareholders, company managers, employees and other parties who control the company influences tax avoidance. Disclosure of Corporate Social Responsibility (CSR) influences tax avoidance tax avoidance.

Disclosure of Corporate Social Responsibility (CSR) does not affect tax avoidance. Companies that increasingly contribute to CSR will be careful in reporting finances aimed at the interests of stakeholders because CSR is considered a moral obligation that can shape the behavioral character of managers to behave honestly, ethically, trustworthy and comply with applicable standards in running a business so that firms are more likely to avoid or reduce earnings manipulation.

Good Corporate Governance influences company value, where suitable corporate governance mechanisms can determine company value by increasing the company's share price.

CSR disclosure does not affect company value. Implementing CSR in a company does not influence investors in making decisions, which also affects the company's value.

Tax Avoidance has a significant positive effect on Company Value. It shows that the higher the tax avoidance, the higher the company's corporate value. Theoretically, the higher the tax avoidance, the higher the profit from the sale of shares (share returns) of the company. Tax avoidance information companies' issues illustrate that investors respond positively, influencing investment decisions.

Suggestion. Organizations or companies must pay more attention to the functions of GCG principles so that company performance can run well.

When companies provide financial information, they are expected to provide as much information as possible that describes the company's performance so that investors can respond positively and thus increase its value.

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Future research can extend the research period so that the results can be compared and more accurate.

For further research, you can expand the scope of the analysis unit by using a different analysis unit so that the research results can be compared and more accurate.

In this research, the CSR variable does not affect tax avoidance and company value, so it is recommended that further research examine the influence of these variables with different proxies and research samples so that the results of further research can be compared.

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