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THE ROLE OF PROFITABILITY IN MODERATING THE RELATIONSHIP BETWEEN CORPORATE SOCIAL RESPONSIBILITY (CSR) AND THIN CAPITALIZATION ON TAX AVOIDANCE

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Abstract

This study aims to analyze the effect of Corporate Social Responsibility (CSR) and thin capitalization on tax avoidance, as well as to examine the moderating role of profitability. Tax avoidance remains a crucial issue, particularly in the mining sector, which is prone to fiscal irregularities despite its significant contribution to the national economy. The research sample consists of 25 mining companies listed on the Indonesia Stock Exchange (IDX) during the 2019-2023 period, selected using purposive sampling. The analysis was conducted using panel data regression with a moderated regression analysis (MRA) approach through the EViews 12 software. The results show that CSR has no significant effect on tax avoidance, while thin capitalization has a positive effect. However, profitability fails to moderate the relationship between both CSR and thin capitalization on tax avoidance. These findings suggest that profitability does not play a significant role in strengthening or weakening the influence of the independent variables on tax avoidance.
Keywords: CSR, thin capitalization, profitabilitas, tax avoidance, sektor pertambangan

Abstrak

Penelitian ini bertujuan untuk menganalisis pengaruh *Corporate Social Responsibility* (CSR) dan *thin capitalization* terhadap *tax avoidance*, serta menguji peran profitabilitas sebagai variabel moderasi. Praktik *tax avoidance* masih menjadi isu penting, terutama pada sektor pertambangan yang rawan terhadap penyimpangan fiskal, meskipun berkontribusi besar terhadap perekonomian nasional. Sampel penelitian ini terdiri dari 25 perusahaan sektor pertambangan yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2019-2023, yang dipilih melalui metode *purposive sampling*. Analisis dilakukan menggunakan regresi data panel dengan pendekatan *moderated regression analysis* (MRA) melalui perangkat lunak EViews 12. Hasil penelitian menunjukkan bahwa CSR tidak berpengaruh terhadap *tax avoidance*, sedangkan *thin capitalization* berpengaruh positif. Namun, profitabilitas tidak terbukti mampu memoderasi hubungan antara CSR maupun *thin capitalization* terhadap *tax avoidance*. Temuan ini menunjukkan bahwa profitabilitas belum berperan signifikan dalam memperkuat atau memperlemah hubungan kedua variabel independen terhadap *tax avoidance*.
Kata Kunci: ***CSR, thin capitalization, profitabilitas, tax avoidance, sektor pertambangan***

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1. Introduction

Taxation plays a vital role in financing Indonesia's national development agenda. As the country strives to achieve its "Indonesia Emas 2045" vision, increasing tax revenue is critical to sustaining economic growth and reducing reliance on external debt. Although annual tax revenue realizations have shown positive progress, Indonesia's tax ratio continues to lag behind that of other ASEAN nations. This persistent gap highlights structural weaknesses within the tax system, particularly related to the policy gap—the disparity between ideal and actual tax policies—and the compliance gap, which reflects shortcomings in taxpayer adherence (Putra, 2024).

One major factor contributing to the compliance gap is tax avoidance, a legal strategy used by corporations to reduce their tax liabilities by exploiting loopholes in existing tax regulations (Pohan, 2018). The mining sector is especially prone to such practices due to its high profitability, complex financial structures, and access to specific tax incentives. Investigations by Global Witness (2019) and Indonesia Audit Watch (IAW, 2023) have uncovered cases of profit shifting through transfer pricing schemes and manipulated cost reporting aimed at minimizing taxable income.

Two factors commonly linked to tax avoidance are Corporate Social Responsibility (CSR) and thin capitalization. While CSR is often seen as an expression of a company's ethical and social commitment, it can also serve as a strategic tax planning tool, especially since certain CSR-related expenses are recognized as deductible under Indonesian tax laws. Similarly, thin capitalization—a condition where a company finances its operations predominantly through debt rather than equity—can reduce taxable income through the deduction of interest expenses, making it a widely used method of tax avoidance (Fitria et al., 2024).

This study also introduces profitability as a moderating variable, based on the idea that a company's financial health influences its tax strategies. Some scholars argue that financially strong companies are more likely to comply with tax obligations due to their stability and reputation concerns (Solihin et al., 2024). Others suggest that higher profitability may, in fact, encourage companies to pursue aggressive tax planning in an effort to minimize increasing tax burdens (Sukma et al., 2019).

Given the persistence of tax avoidance practices and the inconclusive results from previous studies, this research aims to examine the influence of CSR and thin capitalization on tax avoidance, while investigating how profitability moderates these relationships—specifically within the context of mining companies listed on the Indonesia Stock Exchange between 2019 and 2023.

2. Literature Review

Stakeholder Theory

Stakeholder theory, as introduced by Freeman (1984), highlights that companies are responsible not only to shareholders but also to a broader group of stakeholders, including employees, customers, governments, and society at large. This theory emphasizes ethical business practices where stakeholder interests must be considered to ensure long-term business sustainability (Mahajan et al., 2023).

In the context of taxation, fulfilling tax obligations is seen as part of a company's responsibility toward stakeholders. Engaging in tax avoidance may provide financial benefits in the short term; however, it can harm the company's reputation and reduce stakeholder trust (Madani et al., 2023). Therefore, maintaining transparency and demonstrating commitment to social responsibility, such as through CSR disclosures, aligns with the stakeholder theory principle of ensuring business legitimacy and sustainability (Prasetya & Mutmainah, 2024).

Agency Theory

Agency theory, introduced by Jensen and Meckling (1976), explains the relationship between principals (owners) and agents (managers) through delegated authority. Agents are entrusted to make business decisions on behalf of principals, yet differences in interests may arise. According to Eisenhardt (1989), agency problems are driven by three human behavior assumptions: self-interest, bounded rationality, and risk aversion (Bakti & Triyono, 2022).

These conditions often lead to agency conflicts, especially in tax-related decisions. Agents may engage in tax avoidance to maximize short-term corporate profits, which benefits them personally, while principals may view such actions as detrimental to long-term company value. Additionally, information asymmetry between principals and agents enables managers to manipulate financial reports and implement strategies like thin capitalization to reduce tax liabilities (Qomaria & Abbas, 2024).

Tax Avoidance

Indonesia's taxation system adopts a self-assessment mechanism, providing taxpayers with the flexibility to calculate and report their own tax obligations (Rustandi & Herawaty, 2024). This condition creates opportunities for tax avoidance, which refers to legal efforts to minimize tax liabilities by utilizing regulatory loopholes and ambiguities. Tax avoidance differs from tax evasion, which constitutes a violation of tax laws (Tarmizi et al., 2023). Companies commonly exploit loopholes and gray areas in tax regulations to reduce their payable taxes without explicitly breaching legal provisions (Solihin et al., 2024). Although tax avoidance may enhance short-term financial performance, it is often perceived negatively as it reduces the company's contribution to the state and reflects a lack of social commitment (Nugroho et al., 2024). A commonly used indicator to measure the level of tax avoidance is the Effective Tax Rate (ETR).

Development of Hypotheses:

The Effect of Corporate Social Responsibility on Tax Avoidance

Corporate Social Responsibility (CSR) reflects a company's commitment to balancing profit, social welfare, and environmental sustainability. Through CSR activities, companies aim to build a positive reputation, gain stakeholder trust, and demonstrate ethical business conduct beyond financial interests (Muflih, 2021; Melliza & Kusumawati, 2023). Companies actively engaged in CSR tend to operate transparently and ethically, which may reduce the risk of involvement in tax avoidance practices (Almutairi & Abdelazim, 2024).

In line with the triple bottom line concept—profit, people, and planet—CSR is not only about corporate image but also about contributing to public welfare, including through tax payments viewed as an indirect form of CSR (Faradisty et al., 2019; Venezya & Juwono, 2023). In Indonesia, CSR has a legal basis as stated in Article 74 of Law No. 40/2007 concerning Limited Liability Companies, especially for businesses exploiting natural resources, where CSR is a legal obligation rather than a voluntary initiative.

H1: Corporate Social Responsibility (CSR) has a negative effect on Tax Avoidance.

The Effect of Thin Capitalization on Tax Avoidance

Companies generally finance their operations through two main methods: equity issuance or debt financing. Debt financing not only affects a firm's financial structure but also directly impacts taxable income, as interest expenses on debt are considered deductible, whereas dividends from equity financing are not (Wibowo & Sari, 2024; Tarmizi et al., 2023). This fiscal treatment creates an incentive for companies to increase debt utilization to reduce tax liabilities.

However, excessive debt can lead to thin capitalization, where a company's capital structure is dominated by debt over equity. This condition raises concerns regarding aggressive tax avoidance practices (Rahman et al., 2023). To address this issue, the Indonesian government introduced thin capitalization rules through PMK No. 169/PMK.010/2015, which limits debt-to-equity ratios to a maximum of 4:1 for tax purposes (Anindita et al., 2022). Prior studies indicate that thin capitalization has a positive influence on tax avoidance, as companies seek to optimize their tax burden through high-interest deductions (Indrastuti & Apriliawati, 2023).

H2: Thin Capitalization has a positive effect on Tax Avoidance.

The Effect of Corporate Social Responsibility on Tax Avoidance Moderated by Profitability

The Triple Bottom Line concept emphasizes the importance of balancing profit, social responsibility (people), and environmental sustainability (planet) to achieve long-term business sustainability (Venezya & Juwono, 2023). Corporate Social Responsibility (CSR) represents a concrete form of this commitment. Companies that actively implement CSR tend to build a positive reputation and increase stakeholder trust, thereby reducing the likelihood of engaging in tax avoidance practices (Muflih, 2021).

However, the relationship between CSR and tax avoidance may be influenced by several factors, one of which is the company’s level of profitability. High profitability, measured by Return on Assets (ROA), indicates the company’s efficiency in utilizing its assets to generate earnings (Nugroho & Suprapto, 2024). More profitable firms generally have greater financial capacity to meet tax obligations without relying on tax avoidance strategies and are also more capable of maintaining consistent CSR programs (Prasetiyo, 2024). Therefore, profitability is assumed to strengthen the negative relationship between CSR and tax avoidance.

H3: Profitability strengthens the negative relationship between Corporate Social Responsibility and Tax Avoidance.

The Effect of Thin Capitalization on Tax Avoidance Moderated by Profitability

Profitability serves as an indicator of a company's ability to generate earnings and fulfill its financial obligations, including tax payments (Firliana & Yanto, 2024). Highly profitable firms generally have stronger cash flows, allowing them to comply with tax regulations without relying on aggressive tax avoidance strategies (Silaban, 2020). In contrast, firms with low profitability are more likely to reduce their tax burden through thin capitalization, which involves leveraging interest deductions from debt financing.

In a thin capitalization structure, excessive debt increases interest expenses that can be used to lower taxable income (Julianti & Ruslim, 2023). This practice is often utilized by less profitable firms seeking to ease tax pressures. However, for highly profitable firms, the reliance on debt-based tax strategies becomes less relevant, as they possess sufficient financial capacity to meet tax obligations without depending on interest deductions (Pambayun & Muid, 2024). Moreover, these firms tend to maintain a positive reputation among stakeholders, including tax authorities, by demonstrating compliance with tax laws. Accordingly, profitability is expected to weaken the positive relationship between thin capitalization and tax avoidance.

H4: Profitability weakens the positive relationship between Thin Capitalization and Tax Avoidance.

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3. Research Methodology

This research is designed to examine the influence of Corporate Social Responsibility (CSR) and thin capitalization on tax avoidance, with profitability as a moderating variable. The study applies a quantitative approach using a panel data regression analysis method. The population of this research consists of mining sector companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. The sample is selected using purposive sampling, based on several criteria: companies listed consistently during the observation period, publishing complete financial and annual reports, and reporting positive net income.

The data used in this research is secondary data obtained from financial statements and annual reports available on the official IDX website. Data collection techniques involve literature review from various sources such as books, journals, and previous research, as well as documentation techniques through collecting financial and annual reports of companies listed on the IDX. The data analysis technique consists of descriptive statistics, panel data regression model selection, classical assumption testing (multicollinearity and heteroscedasticity), panel data regression analysis, and hypothesis testing. This study uses four research variables consisting of one dependent variable, two independent variables, and one moderating variable. The variables in this study are measured using the following formulas:

Table 1. Variable Measurement

Variable	Calculation	Measurement Scale
Tax Avoidance (Y)	$ETR = \frac{Tax\ Expense}{Profit\ before\ tax}$	Ratio
CSR (X1)	$CSRI = \frac{\Sigma Xyi}{Ni}$	Ratio
Thin Capitalization (X2)	$MAD\ Ratio = \frac{Average\ Debt}{SHDA}$ $SHDA = (Average\ Total\ Assets - nonIBL)\ x\ 80\%$	Ratio
Profitability	$ROA = \frac{Earnings\ After\ Tax}{Total\ Assets}$	Ratio

Source: Processed by the Author (2025)

4. Results and Discussion

General Overview of the Companies

Based on the sampling process using purposive sampling, 25 mining sector companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period were selected as the research sample. The sample was determined by applying specific criteria, and the sample selection procedure is presented in the following table.

Table 2. Sample Selection Procedure

Criteria	Total

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Population of mining sector companies in 2019–2023	99
1. Mining sector companies not listed on the Indonesia Stock Exchange during 2019–2023	(21)
2. Mining sector companies that did not publish complete financial and annual reports during 2019–2023	(10)
3. Mining sector companies that recorded losses during 2019–2023, which would result in a negative ETR	(40)
4. Required research data unavailable	(3)
Total Companies Selected as Sample	**25**
Total Observations (25 Companies × 5 Years)	**125**

Source: Processed by the Author (2025)

Research Result
Descriptive Statistical Analysis
Descriptive statistical analysis is explained by means of the mean, maximum, and minimum values, along with the standard deviation, to understand the distribution and central tendency of each variable in the study.

Table 3. Descriptive Statistics Results

	CSR	TC	TA	P
Mean	0.332315	0.303129	0.271767	0.123656
Median	0.247191	0.278875	0.227568	0.006937
Maximum	0.943820	0.676496	1.936638	1.832854
Minimum	0.044944	0.002308	0.001711	0.001141
Std. Dev.	0.244896	0.212732	0.216072	0.197527

Source: Data processed using EViews 12

The results show that the average value of Corporate Social Responsibility (CSR) disclosure among the sampled companies is 0.3323, with a standard deviation of 0.2449. The highest CSR disclosure value of 0.9438 was achieved by PT Vale Indonesia Tbk (INCO), while the lowest value of 0.0449 was recorded by PT Radiant Utama Interinsco Tbk (RUIS). The relatively low standard deviation compared to the mean indicates that CSR disclosure among companies tends to be consistent around the average.

For Thin Capitalization (TC), the mean value is 0.3031, with a standard deviation of 0.2127. The maximum TC value of 0.6765 was found in PT Petrosea Tbk (PTRO), and the minimum value of 0.0023 was found in PT Vale Indonesia Tbk (INCO). This suggests a relatively low dispersion of TC values, indicating a moderate consistency in debt usage across companies.

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Regarding Tax Avoidance (Y), the analysis shows a mean value of 0.2718 and a standard deviation of 0.2161. The highest tax avoidance value of 1.9366 was observed in PT Merdeka Copper Gold Tbk (MDKA), while the lowest value of 0.0017 was recorded in PT Transcoal Pacific Tbk (TCPI). The low standard deviation relative to the mean implies that tax avoidance practices are relatively consistent across firms.

Lastly, the Profitability (P) variable has a mean of 0.1237 and a standard deviation of 0.1975, indicating a higher level of variability compared to other variables. The maximum profitability of 1.8329 was achieved by PT Mitrabara Adiperdana Tbk (MBAP), while the lowest value of 0.0011 was found in PT Merdeka Copper Gold Tbk (MDKA). The greater standard deviation in relation to the mean suggests that profitability levels vary widely among the companies analyzed.

Panel Data Regression Model Selection

There are three models commonly used in panel data regression: the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). To determine the best-fitting model, three statistical tests were conducted: the Chow test, the Hausman test, and the Lagrange Multiplier (LM) test. The Chow test resulted in a p-value of 0.0000 (< 0.05), indicating that the Fixed Effect Model is preferred over the Common Effect Model. However, the Hausman test showed a p-value of 0.6568 (> 0.05), suggesting that the Random Effect Model is more appropriate than the Fixed Effect Model. To confirm this, the LM test was also performed, and the resulting p-value of 0.0000 (< 0.05) confirmed that the Random Effect Model is more suitable than the Common Effect Model. Thus, it can be concluded that the Random Effect Model (REM) is the most appropriate panel data regression model used in this study.

Table 4. Conclusion Panel Data Regression Model Testing

Method	Testing	Result
Chow Test	Common effect vs Fixed effect	Fixed effect
Hausman Test	Fixed effect vs Random effect	Random effect
Lagrange Multiplier Test	Common effect vs Random effect	Random effect

Source: Data processed using EViews 12

Classic Assumption Test

In the context of panel data regression, only two classical assumption tests are commonly emphasized: multicollinearity and heteroscedasticity. However, since the selected model in this study is the random effect model, the heteroscedasticity test is considered unnecessary. This is because the Generalized Least Square (GLS) method used in random effect models is capable of addressing heteroscedasticity issues effectively (Basuki, 2021). Therefore, this study only conducted the multicollinearity test.

Multicollinearity

Multicollinearity occurs when independent variables in a regression model are highly correlated with one another. Ideally, the correlation among independent variables should be weak or insignificant (Paramita et al., 2021). To detect multicollinearity, this study used the **tolerance** and **Variance Inflation Factor (VIF)** indicators. VIF is calculated as the inverse of tolerance (VIF = 1/tolerance), and multicollinearity is indicated when the tolerance value is less than 0.10 or the VIF value exceeds 10.

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Table 5. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
CSR	0.011829	3.159794	1.872664
TC	0.026210	3.636987	1.264027
P	0.014267	1.927237	1.712289
CSRXP	0.240651	4.661287	4.195272
TCXP	1.371692	3.599783	2.938633
C	0.004077	4.017328	NA

Source: Data processed using EViews 12

Based on the results in Table 5, all uncentered VIF values are below the threshold of 10. This indicates that the regression model does not suffer from multicollinearity and that the independent variables are not significantly correlated.

Panel Data Regression Analysis

Based on the model selection process through Chow, Hausman, and Lagrange Multiplier tests, the Random Effect Model was determined to be the most appropriate panel data regression model to be used in this study.

Table 5. Panel Data Regression Analysis – Random Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.148252	0.063854	2.321739	0.0219
CSR	0.162407	0.108762	1.493226	0.1380
TC	0.358708	0.161896	2.215674	0.0286
P	0.116271	0.119445	0.973426	0.3323
CSRXP	-0.256074	0.490562	-0.522002	0.6026
TCXP	-1.908652	1.171193	-1.629666	0.1058
Effects Specification				
			S.D.	Rho
Cross-section random			0.142081	0.4377
Idiosyncratic random			0.161030	0.5623
Weighted Statistics				
R-squared	0.093886	Mean dependent var		0.122866
Adjusted R-squared	0.055814	S.D. dependent var		0.164520
S.E. of regression	0.159862	Sum squared resid		3.041165
F-statistic	2.466017	Durbin-Watson stat		1.454587
Prob(F-statistic)	0.036495			
Unweighted Statistics				
R-squared	0.111713	Mean dependent var		0.271767
Sum squared resid	5.142480	Durbin-Watson stat		0.860215

Source: Data processed using EViews 12

The regression equation based on Table 4.6 with the dependent variable Tax Avoidance (Y) is formulated as follows:

$$Y = 0.148252 + 0.162407(CSR) + 0.358708(TC) + 0.116271(P) - 0.256074(CSR \times P) - 1.908652(TC \times P)$$

Hypothesis Testing

a. Adjusted Coefficient of Determination (Adjusted R^2)

Referring to Table 5, the adjusted R^2 value is 0.055814 or 5.58%. This relatively low figure suggests that the independent variables—CSR and thin capitalization—together explain

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only 5.58% of the variation in tax avoidance. The remaining 94.42% is influenced by other factors not included in the research model.

b. Simultaneous Significance Test (F-test)

The F-test result in Table 5 shows a p-value of 0.036495 (< 0.05), indicating that CSR and thin capitalization jointly have a significant effect on tax avoidance.

c. Partial Significance Test (t-test)

Based on Table 5, the conclusions for each hypothesis are as follows:

Corporate Social Responsibility (CSR) has a t-statistic of 1.493226 < 2.07 and a p-value of 0.1380 > 0.05. Thus, CSR does not have a significant partial effect on tax avoidance. The null hypothesis (H_0) is accepted, and the alternative hypothesis (H_1) is rejected.

Thin Capitalization (TC) has a t-statistic of 2.215674 > 2.07 and a p-value of 0.0286 < 0.05. This indicates that TC has a significant and positive effect on tax avoidance. Therefore, H_0 is rejected, and the alternative hypothesis (H_2) is accepted.

The interaction variable CSR × Profitability (CSRxP) has a t-statistic of 0.522002 < 2.07 and a p-value of 0.6026 > 0.05, indicating that profitability does not significantly moderate the relationship between CSR and tax avoidance. Thus, H_0 is accepted, and H_3 is rejected.

The interaction variable TC × Profitability (TCxP) has a t-statistic of 1.629666 < 2.07 and a p-value of 0.1058 > 0.05, showing that profitability does not significantly moderate the relationship between thin capitalization and tax avoidance. Therefore, H_0 is accepted, and H_4 is not supported.

Discussion

The testing results indicate that corporate social responsibility (CSR) does not have a significant effect on tax avoidance, as shown by a p-value of 0.1380 and a t-statistic of 1.493226, both exceeding the significance threshold. This suggests that the intensity or cost of CSR activities disclosed by companies has not been sufficient to influence their tendency to engage in tax avoidance strategies. The limited impact of CSR may be attributed to the relatively low average disclosure level in the sample, which stands at only 33.23% of the 89 CSR indicators. This reflects suboptimal CSR implementation in the mining industry, even though it is mandated under Law No. 40 of 2007. The repetitive and static nature of CSR reporting from year to year further suggests that companies have not fully internalized the ethical and compliance values behind social responsibility. These findings are consistent with previous studies by Melliza & Kusumawati (2023), Suryarini & Hidayah (2018), and Venezya & Juwono (2023).

In contrast, thin capitalization (TC) shows a significant and positive influence on tax avoidance, supported by a p-value of 0.0286 and a t-statistic of 2.215674. This indicates that firms with higher debt levels tend to engage more in tax avoidance, confirming that TC is a relevant explanatory variable. This finding aligns with previous research (Fahmi, 2024; Jamilah & Ginanjar, 2024; Wibowo & Sari, 2024) that highlights how firms utilize interest-bearing debt to reduce taxable income. From an agency theory perspective, this also reflects the conflict of interest between managers and shareholders, where managers may prefer financing structures that lower tax liabilities for short-term gains or personal incentives, regardless of long-term stakeholder interests.

The moderating effect of profitability on the relationship between CSR and tax avoidance (CSR × P) was not statistically significant (p = 0.6026; t = -0.522002). This suggests that even profitable companies do not necessarily leverage CSR as a strategy to reduce tax avoidance. CSR activities may still be driven more by regulatory compliance (e.g., Law No. 40/2007) or external legitimacy rather than by internal financial strategy. Thus, the integration of CSR into tax planning and financial decision-making remains weak. This is in line with stakeholder theory, which emphasizes that corporate responsibility extends beyond shareholders to wider societal stakeholders. Studies by Kharisma & Faisol (2019), Wahyudi et al. (2025), and Dewi et al. (2024) similarly conclude that profitability does not moderate the CSR–tax avoidance relationship due to the limited strategic role of CSR in mitigating tax risk.

Similarly, the interaction between thin capitalization and profitability (TC × P) also lacks statistical significance ($p = 0.1058$; $t = -1.629666$), implying that profitability does not moderate the impact of TC on tax avoidance. Although it was initially assumed that highly profitable firms would avoid debt-based tax strategies, the findings show otherwise. This is consistent with prior research (Mu'minah et al., 2023; Napitupulu et al., 2020), which indicates that excessive debt can actually lower profitability due to rising interest expenses, thus weakening the effectiveness of debt as a tax avoidance tool. The decision to use thin capitalization strategies may instead be shaped more by managerial preferences, tax regulation, or shareholder pressure than by profitability levels.

5. Conclusion

Referring to the objectives formulated earlier, this study provides a comprehensive understanding of the influence of corporate social responsibility (CSR) and thin capitalization on tax avoidance, with profitability considered as a moderating variable. The research focuses on mining companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. Using panel data analysis with the aid of E-Views 12 software, several empirical findings were obtained. The results indicate that CSR activities carried out by companies do not have a statistically significant impact on the level of tax avoidance. On the other hand, a capital structure dominated by debt (thin capitalization) shows a positive relationship with tax avoidance, suggesting that companies are more likely to engage in tax avoidance as their debt levels increase. Furthermore, profitability does not play a moderating role in the relationship between CSR and tax avoidance, as it fails to strengthen any negative influence that may arise. Similarly, profitability does not weaken the positive effect of thin capitalization on tax avoidance. Therefore, it can be concluded that profitability does not function as a moderating variable in either relationship.

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