Journal of Economics, Finance and Management Studies

ISSN (print): 2644-0490, ISSN (online): 2644-0504

Volume 07 Issue 11 November 2024

Article DOI: 10.47191/jefms/v7-i11-27, Impact Factor: 8.044

Page No: 6837-6847

Analysis of Environmental, Social, Governance on Tax Avoidance in Companies Listed on the Indonesia Stock Exchange (IDX)

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ABSTRACT: Every business actor has different business characteristics, so that each company implements a different strategy. Business characteristics describe the industry in which business actors operate, based on the type of business carried out and the main function of each member in the company or business group. In the context of Environmental, Social, and Governance (ESG), determining business characteristics is done through functional analysis. Along with the development of the globalization era, international trade has a significant impact on the economy of a region, and can even affect the economy of a country. This research uses a qualitative method with a literature study approach and literature study, with the aim of analyzing the influence of ESG on tax avoidance. The data collected are scientific articles and international journals. The results show that companies that implement ESG have a higher level of tax avoidance compared to companies that do not implement ESG.

KEYWORDS: Environmental Social and Governance (ESG), Tax Avoidance

I. INTRODUCTION

Taxes are the main source of income for the Indonesian state, which plays an important role in financing various public needs and national development. Through taxes, the government can provide public services such as infrastructure, education,health, and maintain economic stability. Taxes have a very vital role in the Indonesian economy, because it is the main source of revenue for the state to finance the State Budget (APBN). (Wardani & Wati, 2018). Taxes also help in equalizing development in various regions, the revenue from the tax will later be used to finance all government expenditures and also finance national development. That way, the function of taxes is as a source of state revenue with the aim of balancing state income with state expenditure (Prastyo, 2019). Taxes can encourage overall public welfare. Thus, the success of tax management greatly affects the progress of the country and the improvement of the quality of life of the people (Najicha, 2022). Based on data from BPS in Table 1, it can be seen that tax revenue is always greater than non-tax revenue.

Table 1. Realization of State Revenue (Billion Rupiah) 2019-2024

Year	2019	2020	2021	2022	2023	2024
Tax Revenue	1.546.141,90	1.285.136,32	1.547.841,10	2.034.552,50	2.118.348,00	2.309.859,80
Non-tax revenue	408.994,30	343.814,21	458.493,00	595.594,50	515.800,90	492.003,10

Source: Central Bureau of Statistics (BPS), data processed, 2024

Data on state revenues from taxes and non-taxes during the period 2019 to 2024 show mixed developments. Revenue from taxes in 2019 reached Rp1,546,141.90, but decreased in 2020 to Rp1,285,136.32, which was most likely due to the impact of the COVID-19 pandemic. This revenue then increased again in 2021 to Rp1,547,841.10, and continued to rise significantly in 2022 to reach Rp2,034,552.50, and grew steadily in 2023 to Rp2,118,348.00. The projection for 2024 shows a further increase to Rp2,309,859.80. Meanwhile, non-tax revenue shows a fluctuating pattern, starting from IDR 408,994.30 in 2019, declining to IDR 343,814.21 in 2020, then rising to IDR 458,493.00 in 2021, and reaching the highest peak in 2022 at IDR 595,594.50. However, non-tax revenue declined again in 2023 to IDR515,800.90, with a slightly lower projection in 2024 of IDR492,003.10.

Although taxes have great benefits for the country, especially as the main source of funding for development and the delivery of various public services, many companies still engage in tax avoidance. According to (Ayu & Putri, 2022) *Tax avoidance* is an action taken by a company to reduce its tax payable through legal means or is still legally permitted, because it is still not contrary to applicable tax laws or regulations. When certain groups, especially those with high incomes or large companies, manage to avoid or reduce their tax obligations through various tax loopholes, tax-based investment opportunities, or dubious practices, this has the potential to increase inequality in income distribution (Patricia et al., 2024).

Efforts to reduce tax avoidance can be done by integrating ESG (Environmental, Social, Governance) principles. *Environmental, Social, and Governance* in a company is in the form of *disclosure*, which is a tool to communicate the environmental, social, and governance aspects of the company to *primary* and *secondary stakeholders* expressed through sustainability reports (Harnesk & Myhrberg, 2019) While integrating ESG principles into tax strategies shows promise in reducing tax avoidance, challenges remain in standardizing these practices across industries and ensuring their effective implementation. (Huang, 2024).

Several previous studies have revealed that the application of ESG (Environmental, Social, Governance) principles can play a role in preventing tax avoidance by companies such as research from (Sadjiarto et al., 2024) on all companies listed on the Indonesia Stock Exchange, the results of his research show that ESG has an influence on tax avoidance. Similar results in research (Nurlaely, 2023) in Non Cyclicals Companies listed on the Indonesia Stock Exchange (IDX) where ESG is proven to reduce tax avoidance. However, in contrast to research (Hidayat & Zuhroh, 2023) which states that ESG is not proven to have an effect on tax avoidance and also according to research (Pratiwi et al., 2024) states the same thing that ESG has no effect on tax avoidance.

This literacy study is important because of the increasing relevance of ESG principles in the Indonesian market, where companies are required to integrate these values in their taxation policies. Tax avoidance is a significant issue both globally and locally, and this study can identify the relationship between ESG implementation and tax avoidance, providing useful insights for the government in formulating better tax policies. In addition, by understanding the factors that influence tax avoidance, this research can support efforts to improve tax compliance, which in turn contributes to economic growth and public welfare. The results of this study can also show how the application of ESG principles can strengthen corporate governance, encourage more ethical business practices, and improve corporate reputation in the eyes of the public and investors. Finally, this study adds to the existing literature, especially in the Indonesian context, where there is still a lack of empirical studies linking ESG with tax avoidance. This literacy study aims to analyze the influence of ESG on Tax Avoidance.

II. LITERATURE REVIEW STAKEHOLDER THEORY

Stakeholder theory refers to the concept of who bears responsibility in a company. (Freeman & McVea, 2005).. The Purpose of this theory is to form a good relationship between all interested parties, in this case employees, customers, communities, suppliers, and investors. (Kreibohm, 2016) Stakeholder theory is "managerial" in nature and recommends attitudes, structures and practices that when combined constitute a stakeholder management philosophy (Donaldson & Preston, 1995).

Stakeholder theory is often associated with more inclusive and transparent decision-making, as well as creating mutually beneficial relationships between companies and their stakeholders in the context of ESG, this theory becomes relevant because environmental, social, and governance principles rely heavily on the interaction and balance between the interests of various stakeholders (Firmansyah et al., 2021).

Environmental Social Governance (ESG)

Environmental, Social, and Governance means that the company conducts corporate management activities that comply with regulations and ethics by assuming responsibility for the environment and society (Sadjiarto et al., 2024) In general, it means various environmental, social, and corporate governance considerations that have the potential to impact the company's ability to carry out its business strategy and build value in the long term. Along with the increasing public awareness of social and environmental issues, companies are always encouraged not only to seek profits, but also to pay attention to the impacts of the company's operational activities, namely social and environmental (Pratiwi et al., 2024). Companies that pay attention to their reputation result in management tending to maintain their reputation or improve their reputation. Based on this statement, it is found that there is a relationship between company reputation and ESG on the effect of tax avoidance. Where companies with good reputations and involvement in ESG show business processes that pay more attention to environmental, social and good governance factors and this represents added value for companies in the eyes of investors (Anggraini & Wahyudi, 2022)

Tax Avoidance

Tax avoidance is an effort to reduce tax payment obligations legally and legally according to the law, by taking advantage of weaknesses and loopholes in applicable tax regulations to minimize the amount of tax that must be paid by the company (Roslita & Anugerah, 2022).

Tax avoidance can be done in three ways, namely: (i) restraint, where taxpayers avoid actions that may be taxed; (ii) relocation, which is moving the business or domicile from an area with a high tax rate to an area with a lower rate; (iii) juridical tax avoidance, which is carried out in such a way that the actions taken are not taxed, often by utilizing loopholes (Eva Herianti., 2020). Aggressive tax avoidance is included in illegal acts that violate the law and corporate management principles, and is one of the reasons why government tax revenues do not reach the target (Pangaribuan et al., 2020). (Pangaribuan et al., 2021). In Indonesia, there are government regulations governing the prevention of Tax Avoidance, such as Government Regulation Number 55 of 2022 (PP-55). PP-55 authorizes the Minister of Finance to prevent tax avoidance and provide sanctions for taxpayers who take tax avoidance actions that are not in accordance with tax provisions.

Manufacturing Company

A manufacturing company is a company engaged in sales that processes raw materials into semi-finished or finished materials. Manufacturing companies have the aim of providing the raw materials needed to be processed into finished products in accordance with market demand (Cahyo & Iswanaji, 2023). As of February 2024 data, there are 26 manufacturing companies engaged in the food and beverage industry sector listed on the Indonesia Stock Exchange which are included in the consumption sector. The economy is divided into three sectors, namely, primary, secondary and tertiary. Manufacturing companies are included in the secondary sector which produces products that can be used during construction. The category of manufacturing companies listed on the IDX is divided into three broad categories, namely, the Basic Industry & Chemical Sector, Various Industries and the Consumer Goods Industry (Fenni, 2024).

III. RESEARCH METHOD

This research uses a type of literature study research or literature study to collect research data that relies on various literatures using a qualitative approach where the research results are in the form of words or are descriptive. Literature study is a data collection technique by conducting a study of books, literature, notes and reports related to the problem being solved (Nazir, 2009).

Literature studies can be obtained from various sources, in this study the sources used to collect data include scientific articles, previous research journals, the internet and books. Sources used as literature in research are obtained from relevant *online* journal *websites*, with the criteria for classifying the sources used are:

Previous research journals or scientific articles used, starting from 2019-2024.

All scientific articles or previous research journals are published in international journals.

All sources used discuss tax avoidance and Environmental Social Governance (ESG) factors.

The following relevant previous research is the source in this literature study:

Table 2. **Journal of Previous Research**

No	Researcher	Journal	Type of Company	Year Sample Research Data	ResearchVariables	nalysisTool	Research Results
1	(Hidayat & Zuhroh, 2023)	Inte rnat ion al	Manufactu ring Company	period2013-2020	**Independent Variable (X):**X1: Environmental Social Goverdance (ESG) X2: Financial Performance X3: Ownership Structure X4: Composition of Company Directors Dependent Variaber (Y): Y: Tax Avoidance	Quantitative , Multiple regression, TA = (OSTR, DCOMP, ESG, ROE,FS)	EGS, ownership structure, company director composition all have a significant and negative impact on tax avoidance. Among the financial performance indicators, only firm size has a negative and significantimpact while return on assets has no significant influence on taxavoidance. tax avoidance.

No	Researcher	Journal	Type of Company	Year Sample Research Data	ResearchVariables	nalysisTool	Research Results
2.	(Sadjiarto et al., 2024)	Inte rnat ion al	all companies listed on the Indonesia Stock companies listed on the Indonesia Stock Exchange	period 2018 - 2022	Independent Variable (X): X1: Earning Management X2: Environmental Social Goverdance (ESG) Moderating Variable (Z): Leverage Dependent Variaber (Y): Y: Tax Avoidance	Quantitative ETR Tax Expenses divided by Income Before Taxes	It was found that earnings management has noinfluence on taxavoidance. ESG has an influence on tax avoidance. Leverage does not moderate the effect of earnings managementand ESG on tax avoidance.
3	(Pratiwi et al., 2024).	Inte rnat ion al	All companies listed on the Indonesia Stock Exchange for the period 2018-2022.	2018-2022 period.	Independent Variable (X): X1: Environmental Social Goverdance(ESG) X2: Political Connections X3: Gender Diversity X4: Capital Intensity Dependent Variables (Y): Y: Tax Avoidance	Quantitative ETR = Tax Expenses divided by Income BeforeTaxes	The results showed that Environmental, Social, and Governance (ESG) had no effect on tax avoidance, while political connections, gender diversity, and capital intensity had a positiveeffect on tax avoidance. on tax avoidance
4	(Rosita,2024)	Inte rnat ion al	Infrastruct ure sector companies listed on the Indonesia Stock Exchange (IDX)	Period2016-2022	Independent Variable X: X1: Profitability, X2: Company Value X3: Environmental Social and Governance (ESG) Dependent Variable Y: Y: Tax Avoidance	Quantitative Multiple regression	Profitability on Tax Avoidance has no significant effect, Company Value on TaxAvoidance has a significant effect ESG on Tax Avoidance hasno significant effect Profitability, Company Value and ESG together (simultaneously) on Tax Avoidance can be knownto have a significant effect.
5	(Jiang et al., 2024)	Inte rnat ion al	Companies listed on the Chinese stock exchange	Period 2009 - 2021	Independent Variable X: X1: ESG Dependent Variable Y: Y: Tax Avoidance	Quantitative Book-tax difference (BTD) is used to measure corporate tax avoidance.	ESG performance significantly reduces corporate tax avoidance
6	(Widiastuti k et al., 2024)	Inte rnat ion al	manufactu ring companies listed on	Period2018-2022	Independent variable (X): X1: Family ownership	QuantitativeETR can be calculated by dividing the	This study shows that family ownership has a positive influence and foreign ownership has a negative

			the IDX		X2: Foreign ownership X3: Institutional ownership X4: Environmental,	amount of current tax expense by profit before tax.	influence, while institutional ownershiphas no influence on tax avoidance. And ESG has no effect on institutional ownership and tax
No	Researcher	Jou rnal	Type of Company	Year Sample Research Data	Research Variables	Analysis Tool	Research Results
					Social, Governance Dependent Variable (Y): Tax Avoidance		avoidance.
7	(Mukhtaru ddin et al., 2024)	Inte rnat ion al	LQ45 Companies listed on the IDX	Period 2017-2021	Independent Variable X: X1: Environmental, Social, and Governance (ESG) X2: Earning Management (EM) X2: Company Size (CS) Independent Variable Y: Y: Tax Avoidance	Quantitative ETR can be calculated by dividing the total current tax expense by profit before tax.	EM has no effect on TA, ESG has a positive and significant impact on TA. CS does not reduce the impact of ESG on TA
8	(Ramadhan & Wadi, 2024)	Inte rnat ion al	IDX liste d companies	Period 2018-2022	Independent Variable (X): X1: ESG X2: Inventory Intensity X3: Managerial Ownership Dependent Variable (Y): Tax Avoidance	Quantitative Common effect model (CEM), fixed effect model (FEM), and random effect model (REM),	Environmental, Social, and Governance (ESG) has no influence on Tax Avoidance. Meanwhile, Inventory Intensity has an effect on Tax Avoidance. In addition, Managerial Ownership also has an effect on Tax Avoidance.
9	(Khlifi et al., 2024)	Inte rnat ion al	G20 countries	Period 2015-2021	Variable X: X1: BIND X2: CEO duality X3: BGD Variable Y Y: Tax Avoidance and ESG as Mediation	ETR	ESG reporting mediates the relationship between characteristics and tax avoidance, indicating that effective ESG can influence corporate tax strategy (ESG) negatively relates to tax avoidance).
No	Researcher	Jou rnal	Type of Company	Year Sample Research Data	Research Variables	Analysis Tool	Research Results
10	(Duong & Huang, 2022)	Inte rnat ion al	Companies in the Asean Region	2018-2021 period	Multiple regression	Variable X: X1: ESG X2: Firm Value X3: Debt Cost	ESG has a significant positive impact on tax avoidance, firm performance, and corporate debt. It also shows a positive correlation effect between tax avoidance and

							firm value. Tax avoidance plays a partial mediating role between ESG and firm value.
11	(Istianingsih, 2020)	Internat ional	Pharmaceutical companies listed on the IDX	Period 2015-2019	Using Agency Theory	Variable X X1: CSR X2: Audit Committee X3: Audit Quality Variable Y Y: Tax Avoidance	CSR and GCG disclosure as measured by the Audit Committee has no significant impact on tax avoidance and Audit quality is proven to have a significant influence on Tax Avoidance.
12	(Okuyama et al., 2021)	Internat ional	31 countries from OECD countries	Period 2017-2019	Multiple Regression	Variable X: X1: Reputational Risk X2: ESG Dependent Variable Y: Y: Tax Avoidance	found that ESG-related reputational risk has a negative impact related to tax avoidance among firms with high ESG- related reputational risk.
13	(Juddoo et al., 2023)	Internat ional	Companies listed on the London Stock Exchange (LSE)	Period 1999-2021	ESG is measured by ESG Scor and TA is measured by Cash Effective Tax Rate (CETR)	Independent Variable X: X1: Investment Strategy X2: ESG Dependent Variable Y: Y: Tax Avoidance	Given the negative relationship between CSR and tax avoidance
No	Researcher	Jou rnal	Type of Company	Year Sample Research Data	Research Variables	Analysis Tool	Research Results
14	(Made et al., 2019)	Internat ional	manufacturing companies listed on the Indonesia Stock Exchange.	period 2012-2016	ETR is used to measure the value of tax avoidance, CSR is measured by GRI. ownership is measured by dummy, and GCG is measured by IPCG.	Independent Variable X X1: CSR X2: Family Ownership X3: GCG Dependent Variable Y Y: Tax Avoidance	Corporate social responsibility and good corporate governance show a significant negative influence on tax avoidance behavior while family ownership status does not have any influence on tax avoidance behavior.
15	(Pandapotan, 2023)	Internat ional	h consumer goods manufacturing companies listed on the Indonesia Stock Exchange (IDX)	period 2019 - 2020	ETR: Tax avoidance, measured by tax expense divided by profit before tax CSR: Corporate social responsibility, measured by total	Independent Variable X X1: CSR Independent Variable Y Y: Tax Avoidance	shows that corporate social responsibility has a positive and significant effect on tax avoidance.

					disclosure divided by 91 items		
16	(Mohamad Ariff et al., 2024)	Inte rnat ion al	Company-level data taken from Thomson Refinitiv database	Period 2011202 0	For EGS measured by ESGSCORE Average, and Tax Avoidance measured by CTA	Independen t Variable X: X1: Company financial constraints X2: ESG Dependent Variable Y Y: Tax Avoidance	firms with higher tax avoidance are associated with higher ESG performance, but lower ESG performance is shown for firms with higher financial constraints. The results further suggest that the positive impact of corporate tax avoidance on ESG performance becomes weaker for firms with higher financial constraints.
17	(Carolina et al., 2023)	Inte rnat ion	Business entities listed on	Period 2012-2021	Measurement of tax avoidance is	Independen t variable X: tax	ESG performance can moderate the effect of tax avoidance on
No	Researcher	Jou rnal	Type of Company	Year Sample Research Data	Research Variables	Analysis Tool	Research Results
		al	the IDX		ETR ESG is measured by ESG Score	avoidance Dependent Variable Y: Corporate Risk ESG Moderating Variable	corporate risk
18	(Monica & Ajimat, 2024)	Inte rnat ion al	LQ45 sector companies listed on the IDX	2018-2022 period	ESG measured by ESG score Company Size = (Ln x Total Assets) Tax avoidance measured by ETR	Independen t Variable X: X1: ESG X2: Company size Dependent Variable Y: Y: Tax avoidance	Environmental, Social and Governance (ESG) partially affects tax avoidance, as well as Firm Size partially affects tax avoidance and simultaneously Environmental, Social and Governance (ESG) and FirmSize on tax avoidance.
19	(Yoon et al., 2021)	Inte rnat ion al	companies listed on the Korean financial market	Period 2011-2017	Tax rate is calculated with BTD ESG is calculated with SESG	Independen t Variable X: X1: SESG X2: Non-Choebol Affiliation Dependent Variable Y: Y: Tax	Negative relationship between ESG scores and tax avoidance, a stronger negative relationship between ESG scores and tax avoidance in the non- chaebol affiliation sample, and a more significant relationship between social

						avoidance	scores and propensity to avoid taxes.
20	(López-González et al., 2019)	Inte rnat ion al	Internation al Company	Period2006 - 2014	CSR measured with EIRIS Tax Avoidance measured by CETR	Independen t Variable X: X1: Social Performanc e X2: Family Ownership Dependent Variable Y Y: Tax avoidance	Social and environmental performance are negatively related to tax avoidance Family ownership is positively related to tax avoidance practices.

IV. DISCUSSION RESULT

Based on various previous research journals, there are many independent factors that can affect *Environmental Social Governance (ESG*) on *Tax Avoidance*. Of the 20 (twenty) studies and journals that researchers use as references in making literature studies.

According to the results of the study, (Kadarsi 2023) that ESG has a significant negative impact on tax avoidance measured by TA (OSTR, DCOMP, ESG, ROE FS) and also according to research. (Okuyama et al., 2021) that ESG-related reputational risk has a negative impact related to tax avoidance among companies with high ESG-related reputational risk and also according to the results of research conducted by (Juddoo et al., 2023)an increasing negative relationship between the CSR part of ESG and tax avoidance. Social responsibility and good corporate governance show a significant negative effect on tax avoidance while family ownership status has no effect on tax avoidance behavior (Made et al., 2019) While a negative relationship between EGS scores and tax avoidance, there is a stronger negative relationship between ESG scores and tax avoidance in the sample of non-chaebol affiliates and a more significant relationship between social scores and the propensity for tax avoidance.(Yoon et al., 2021) and according to research results (López-González et al., 2019) social and environmental performance is negatively related to tax avoidance family ownership is positively related to tax avoidance practices.

Furthermore, according to (Sadjiarto et al., 2024) earnings management has no influence on tax avoidance, ESG has an influence on tax avoidance, leverage does not moderate the effect of earnings management and ESG on tax avoidance and according to ESG performance significantly reduces corporate tax avoidance.(Jiang et al., 2024) Furthermore, according to research conducted by (Mukhtaruddin et al., 2024) EM has no effect on Tax Avoidance, EGS has a positive and significant impact on Tax Avoidance CS does not reduce the impact of ESG on Tax Avoidance. Then research (Khlifi et al., 2024) stated that ESG reporting mediates the relationship between characteristics and tax avoidance, indicating that effective ESG can affect corporate tax strategies and ESG has a negative relationship with Tax Avoidance. Furthermore, ESG has a significant positive impact on tax avoidance, firm performance and corporate debt it also has a positive correlation effect between tax avoidance and firm value, tax avoidance partially mediates between ESG and firm value. (Duong & Huang, 2022) and also research results (Pandapotan, 2023) Corporate social responsibility has a positive and significant effect on tax avoidance. Companies with high tax avoidance are associated with higher ESG performance but lower ESG performance is shown for companies with higher financial constraints. (Mohamad Ariff et al., 2024) and ESG performance can moderate the effect of tax avoidance on corporate risk. (Carolina et al., 2023).

But there are also those who are not in line with the researchresults (Pratiwi et al., 2024) ESG has no effect on tax avoidance and according to the results of the study (Rosita, 2024) Also ESG has no effect on tax avoidance in line with research (Widiastutik et al., 2024) ESG has no effect on tax avoidance then according to research (Ramadhan & Wadi, 2024) also agrees that ESG has no effect on tax avoidance. Selajaln also argues with the results of his research that CSR and GCG part of ESG have noinfluence on tax avoidance.

Enviromental Social Governance (ESG)

Environmental Social Governance (ESG) is an evaluation of a company's social, governance, and environmental practices and the combination of the performance of the practices mentioned. (Yoon et al., 2021) and according to (Sadjiarto et al., 2024) Environmental, Social, and Governance means that the company carries out corporate management activities that comply with regulations and ethics by assuming responsibility for the environment and society Environmental, Social, and Governance (ESG) disclosure is an effort to disclose information by companies by providing additional information related to the implementation of environmental, social and governance principles or criteria into the company's business strategy and creating value in the long term. Environmental, Social, and Governance (ESG) disclosure also aims to provide a clear picture to all stakeholders that the company has behaved ethically.(Alareeni & Hamdan, 2020). Environmental, Social and Governance (ESG) partially affects tax avoidance, as well as Firm Size partially affects tax avoidance and simultaneously Environmental, Social and Governance (ESG) and Firm Size on tax avoidance. (Monica & Ajimat, 2024), and also according to research (Mohamad Ariff et al., 2024) firms with higher tax avoidance are associated with higher ESG performance, but lower ESG performance is shown for firms with higher financial constraints. The results further suggest that the positive impact of corporate tax avoidance on ESG performance becomes weaker for firms with higher financial constraints.

Tax Avoidance

Tax Avoidance occurs because a high tax burden can reduce taxable income. (Sadjiarto et al., 2024). According to the results of research conducted by (Hidayat & Zuhroh, 2023) and (Sadjiarto et al., 2024) that tax avoidance is recognized as Company behavior that tries to minimize taxes by managing tax obligations in such a way as not to violate applicable tax laws and regulations. Tax Avoidance can be measured using the effective tax rate (ETR), the higher the ETR value, the lower the tax avoidance carried out, and vice versa, the higher the tax avoidance means the lower the value. Tax avoidance is the company's effort to minimize the total tax paid with the intention of getting maximum company profits (Adnyana & Jati, 2018).

V. CONCLUSIONS AND SUGGESTIONS

Based on research obtained from literature studies that have been carried out mapping on various research results related to ESG in companies located on the IDX. This research uses a qualitative method with a literature study approach and literature study, with research data in the form of journal documentation and articles indexed in Sinta and internationally.

ESG is a corporate governance carried out by the company that the company's management activities comply with regulations and ethics by assuming responsibility for the environment and society. The results of ESG (Environmental, Social, and Governance) research also serve to prevent tax avoidance practices that damage the company's reputation and sustainability. In the Governance aspect**,** transparency and business ethics are key, including in terms of tax compliance. Companies that follow ESG principles usually have good governance, ensuring they pay taxes fairly according to the law and avoid aggressive tax avoidance schemes. Family ownership and managerial ownership also affect tax avoidance. Family ownership can minimize tax avoidance because it is for the future continuity of the company that will be inherited and managerial ownership affects tax avoidance. The greater the share ownership by management, the less likely it is to commit tax avoidance, thereby reducing agency costs.For further research, it is hoped that it can be further developed by future researchers such as collecting more literature study sources for comparison and looking at deeper factors that affect ESG or tax avoidance and using more factors studied.

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