

## ABSTRACT

This research investigates the impact of Environmental, Social, and Governance (ESG) practices on the tax avoidance strategies of publicly listed companies in Indonesia. As ESG principles gain significance in corporate governance, this study explores whether firms with stronger ESG commitments are less likely to engage in aggressive tax avoidance. The study utilizes a quantitative approach, analyzing data from 31 companies listed on the Indonesian Stock Exchange (IDX) over a five-year period (2019-2023). Regression analysis is applied to assess the relationship between ESG performance and tax avoidance, with the Effective Tax Rate (ETR) as the dependent variable. Additionally, the study examines the moderating role of corporate governance factors, including board size and gender diversity, in shaping the ESG-tax avoidance relationship. The results indicate a significant positive correlation between higher ESG performance and reduced tax avoidance, suggesting that companies with stronger ESG practices tend to adopt more ethical and transparent tax strategies. However, the moderating effects of board size and gender diversity were found to be statistically insignificant, indicating that corporate governance mechanisms did not significantly influence the relationship between ESG performance and tax avoidance in this sample. This research contributes to the literature on the intersection of corporate sustainability and tax behavior, particularly in emerging markets like Indonesia, and offers insights into the role of governance in influencing corporate tax strategies.

Keywords: Tax Avoidance, ESG, Corporate Governance, Indonesia.