The Effect of Corporate Social Responsibility on Tax Avoidance with the Moderating Role of Corporate Governance

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Abstract

Objective: This study explores the impact of corporate social responsibility on tax avoidance with the moderating role of corporate governance in Iraq. Research Method: The researcher selected a sample of companies listed on the Iraqi Stock Exchange, numbering (33). Data was taken from 2012 to 2022, and the data was analyzed using the Eviews 9 program. Findings: Iraqi companies suffer from slight levels of tax avoidance by adopting social responsibility practices and disclosing corporate governance. Companies' commitment to corporate social responsibility would add value to the company. Commitment to corporate social responsibility leads to reducing tax avoidance. Conclusion: We note from the study that there is a weakness in applying social responsibility accounting. Corporate governance and the application of its principles impact paying taxes and preventing avoidance and evasion of paying them. CSR and taxation have the same goal of improving the well-being of society The results of this study indicate that the higher the level of CSR activities, the higher the company's responsibility for its tax obligations. Corporate social responsibility is the taking of responsibility by a company for its actions as well as encouraging the creation of a positive impact through its activities on the environment, customers, employees, communities, stakeholders and all members of the public who can be considered stakeholders.

Keywords: corporate social responsibility, tax avoidance, corporate governance.

1. Introduction

Companies consider developing a dynamic and proactive tax management strategy because taxes have a critical impact on a company’s strategic decisions (Anouar and Houria, 2017). Many people may view tax avoidance differently (Beer et al., 2019). Different tax terms are used interchangeably, such as tax camouflage, tax management, tax planning or tax evasion (Chenital, 2010). Tax avoidance strategies improve cash flow and enhance accounting revenue enhancement (Higgins et al., 2015). Tax avoidance has become a cause of concern for citizens, government authorities and regulators (Chen et al., 2010). Previous studies examining the relationship between CSR and taxation have focused on established economies; however, there is a paucity of studies on this topic for emerging economies where CSR has only just begun to receive significant attention in corporate and academic circles (Watson, 2011). Most studies have been conducted on CSR reporting and its implications for business outcomes (Rehman et al., 2024). (Pratiwi, & Siregar2019) .Corporate social responsibility (CSR) has become a priority for business leaders around the world, as it aims to achieve communication, interaction, and societal cohesion between members of society and its institutions. Corporate Social Responsibility relates to business practices that go beyond regulations in providing sustainable, economic, and ethical issues as well as customers within a company's activities to achieve non-market value for shareholders and stakeholders.. Likewise, tax evasion is the legitimate misreporting of tax liabilities. CSR investments can significantly impact community growth and business success. As a result, many companies have recognized the need to develop a comprehensive CSR strategy The primary objective of the study is to observe the relationship. The vital question for this study is as follows: What is the impact of corporate social responsibility on tax avoidance, as well as the mediating role of corporate governance between social responsibility and tax avoidance? Therefore, the main motivation of this study is to find out the relationship between corporate responsibility, tax avoidance, and corporate governance by taking advantage of companies listed on the Iraqi Stock Exchange. The article was divided into four chapters. The first chapter included the research problem, research hypotheses, and research objectives. The second chapter addressed the literature that dealt with corporate social responsibility, tax avoidance, and corporate governance. The third chapter included the applied aspect of the research, and finally the fourth chapter included the conclusions and proposals. While some see corporate social responsibility as intertwining with economic, legal, environmental and ethical responsibilities when companies make decisions and achieve their goals. Corporate social responsibility is concerned with the need to take into account stakeholders in the broad sense, not just shareholders (Watson, 2014). The researcher believes that companies with high social responsibility are less likely to avoid taxes. In contrast, in developing countries, including Iraq, most companies use social benefits as a means of tax avoidance. While others see social responsibility as one of the most important developments that have affected the business world, and is a result of stakeholder pressures and the development of the concept of the institution. It is not just an economic organization whose goal is to achieve financial returns for its owner, but it is also a social organization that must serve the community in which it operates and exploit its natural and human resources. Paying taxes is not a cost to the institution or an economic resource for the state treasury, but rather a social contribution by institutions that contribute to improving the services provided to society. The researcher believes that applying such a matter on this basis has made the commitment to pay taxes more than just a legal commitment, but rather it has become viewed as one of the indicators of corporate social responsibility. A study conducted by Harvard University found that companies that do not adhere to social responsibility have witnessed a decline in their sales, which has been reflected in their market share, which has led to an increase in community awareness towards companies.

2. The Research Methodology:

Problem Statement: Tax revenues are one of the components of revenues in both developed and developing countries. Tax avoidance rates have increased significantly in recent years due to the shortcomings of the tax accounting system, which suffers from many loopholes and problems. Tax avoidance causes significant damage to the national economy and contributes to the decline in the state's general budget revenues, depriving it of a vital source of funding. Here comes the role of corporate governance, which is the latest global trend in supervising and monitoring corporate management and preventing them from abusing their authority to achieve illicit gains by following up on the application of socially responsible accounting to reduce tax avoidance. The research problem can be summarized in the following two questions:

a- What is the impact of corporate social responsibility on tax avoidance in companies listed on the Iraq Stock Exchange?

b- B- What is the mitigating effect of corporate governance on the impact of corporate social responsibility on tax avoidance?

Hypotheses Development:

H1: corporate social responsibility effects on tax avoidance.

H2:Corporate governance has a moderating role in the impact of social responsibility on tax avoidance.

Research Objectives:

a- An investigation of the impact of corporate social responsibility on tax avoidance.

b- An investigation of the moderating role of corporate governance on the impact of corporate social responsibility on tax avoidance.

3. Literature Review:

Corporate Social Responsibility: The term CSR refers to the company's commitment to pursue those strategies, make decisions, and follow lines of action that build value for the general public. (Kraus, et. al, 2020). The European Commission has defined corporate social responsibility as “a concept whereby companies voluntarily incorporate social and environmental concerns into their business operations and in their interactions with stakeholders”. The modern view of CSR is that it "embodies a perspective in which a company sees added value serving a broad range of societal needs and expectations and recognizes the net benefits of an influx of socially responsible work." (Islam, et. al, 2021). CSR is a green organizational strategy that aims to preserve the cultural, social, and economic aspects of the environment in which the company operates. CSR activities depend on some factors, such as the economic situation, laws and regulations, organizational culture, behavior, and the level of competition in the market. Such initiatives enhance corporate reputation and increase customer loyalty and employee satisfaction. (Abbas, 2020). Companies must continually commit to behaving ethically and contributing to the economy, developing and improving the quality of life for employees, their families, and, society at large. (frandy & rieriy, 2020). ". (Adeyanju, 2012).CSR is defined as a voluntary, proactive, and strategic commitment. The company to meet the expectations of stakeholders and preserve the environment. (Rosenau, 2021).crises provide ample opportunities for companies to actively participate in their CSR strategies and agendas. It has become very important to understand what drives some companies to be more ethical and socially responsible, particularly when resources are constrained and survival is under threat. (Obaid, 2022). The dimensions of social responsibility include three dimensions as follows: (Hashemi, & Fatari, 2020)

1- The economic dimension: honesty, control and supervision of the organization, economic development of the community, transparency, preventing bribery and corruption, making necessary payments to national and local authorities, using local suppliers, employing local labor, etc.

2- The social dimension: human rights, labor rights, training and development of local workers, assistance to specialists related to community programs, etc.

3- Environmental dimension: precautionary methods to prevent or reduce harmful effects, support measures and initiatives that promote greater environmental responsibility, and develop and disseminate desirable and environmentally friendly technologies. Social responsibility means maximizing positive impacts and minimizing negative impacts on society (customers, owners, employees, suppliers, and government).

There is general evidence that companies are beginning to benefit from their CSR activities. The World Business Council for Sustainable Development has reached several conclusions about the benefits of corporate social responsibility: (Hiller, 2013)

1- A coherent corporate social responsibility strategy, based on integrity, sound values, and a long-term approach.

2- The corporate social responsibility strategy provides an opportunity for companies to show their human face.

3- Such a strategy requires engaging in an open dialogue and establishing structured partnerships with governments at various levels, intergovernmental brain organizations, non-governmental organizations.

4- When implementing a CSR strategy, companies must recognize and respect local and cultural differences.

5- Responding to local differences means taking specific initiatives.

CSR can be phased in by fully focusing care on priorities according to resource or time constraints. A more comprehensive and systematic approach can be taken when resources permit or all priorities require. The bottom line is that corporate social responsibility must be integrated into the company's core decision-making, strategy, management processes, and activities. Business users can be confident that they are basing their efforts on internationally validated approaches. The framework follows the familiar "plan, do, check, and improve" model that forms the basis of well-known initiatives such as those of the International Organization for Standardization (ISO) in the areas of quality and environmental management systems. (Fatima

& Elbanna, 2023). This recognizes that the effective implementation of CSR requires integrating CSR principles into the company's central values and activities. The CEO's involvement as a CSR leader sends a clear signal that the company is mindful of CSR implementation and evaluation. (Valiente, et.al, 2012). "Corporate Social Responsibility is a company's commitment to contribute to sustainable economic development, and to work with employees, their families, the local community, and society at large to improve the quality of life." Other recent work also supports the claim that CSR builds social capital and enhances stakeholder trust and collaboration with high CSR firms. It has been shown that companies with high social responsibility carry out processes that are constantly engaged with their long-term stakeholders. , we note that:(Lins, et.al, 2017).

- Corporate Social Responsibility is measurable, albeit imprecise.
- Corporate social responsibility can have a non-negative impact.
- CSR can change through investment or consumption.

Stakeholder engagement at its simplest, CSR is about seeing business as an integral part of society, the global community, and the environment that supports it. There is no work in isolation.. Stakeholder engagement includes formal and informal ways of staying in touch with parties who have an actual or potential interest in, or influence over, the business. Stakeholder participation spans a continuum of interaction that reflects the stakeholder's degree of influence in decision-making. The Importance of Stakeholder Engagement One way to understand the importance of stakeholder engagement is to look at what might happen when it is not.. (Dobele, et.al, 2014).

Concept of Tax Avoidance: Tax avoidance entails all transactions and arrangements that reduce the company's tax liabilities. This is because the tax savings resulting from tax avoidance are economically significant and increase the availability of cash flows that directly or indirectly benefit both shareholders and managers. The agency theory of tax avoidance holds that opportunistic managers use tax avoidance as a tool to maximize their interests. (Hasan, et. al, 2021).

To improve corporate tax avoidance, the principle of "fair taxation". (Oats & Tuck, 2019). Linking Tax Avoidance to Managerial Incentives Tax avoidance is greater when managers are compensated based on after-tax earnings, with stock options, or when they have less debt-like retirement wealth attached to the company.(Demere & Donohoe, 2020). of the company by reducing the tax burden. This improvement in format reflects many benefits for stakeholders:(Zaytoun, 2021)

Two types of tax avoidance can be distinguished: (Guo, et.al, 2023)

A- Acceptable tax avoidance: this is consistent with the tax legislator's intent, which aims to achieve some economic and social goals by encouraging certain sectors to attract taxpayers towards a specific activity, and thus tax avoidance is through investing in tax-exempt activities.

B- Arbitrary tax avoidance: This leads to a violation of the moral duty of managers and does not take into account the intention of the tax legislator, such as the exploitation of transfer prices between branches in different countries to avoid paying taxes due to the host country.

Tax avoidance results in cash savings that may be used to improve the company's financial performance, and may entail some costs and risks due to activities associated with tax avoidance. (Khushkar, et.al, 2022).

while tax evasion can be described as the activity of a taxpayer which is a stray violation of the law premeditated to evade Tax payments that were imposed undisputedly by the IRS. (Mughal, 2012).

Difference between tax avoidance, tax evasion, and tax planning:

Tax reduction practices include many activities that differ in terms of the degree of their legal and moral legitimacy, such as tax avoidance, tax planning, and tax evasion. Despite their participation in reducing, postponing, or even non-performance of the due tax, these practices differ among themselves as follows:

A- Tax planning: one of the financial planning tools that help reduce, postpone, or avoid the tax burden by identifying weaknesses and loopholes in the tax laws in the country in which the company operates, and it is defined as the art of structuring operations in several ways that help or benefit in postponing or avoiding Tax performance by employing effective strategies in the field of tax planning to provide financial resources that can be used for spending, saving or investing. Therefore, tax planning represents the administration's strategy and direction for tax reduction in the long term, and therefore it is more general and comprehensive than tax avoidance. (Irawan & Turwanto, 2020). "Aggressive Tax Planning. ATP can be considered a transaction that mixes elements of legal tax avoidance and illegal tax avoidance. The obvious primary motivation for using ATP is to reduce your tax burden. In general, tax planning always begins by ensuring whether a transaction or phenomenon will be taxable. (Alm, 2014).

B- Tax avoidance: Tax avoidance can be explained as the use of tax law loopholes by corporations to obtain profits by greatly reducing corporate tax payments. The tax reduces net income and net after-tax cash flow available to investors, so it tends to provide more incentive for companies to conduct tax avoidance practices. He defined tax avoidance as "anything that reduces a company's taxes relative to its pre-tax accounting income.". (Sikka & Willmott, 2013).

C- Tax evasion: It is the use of fraudulent methods by the taxpayer in violation of tax laws and legislation to avoid paying taxes, and it is an activity that is carried out to reduce tax obligations that must be paid, tax evasion takes place if the taxpayer deliberately provides inaccurate information or incomplete information to the tax authorities to reduce the tax burden Therefore, tax evasion is a punishable crime. Tax evasion is defined as "the attempt of the taxpayer not to pay the tax due in whole or in part by following methods and methods that contradict the provisions of the tax system, which bear the nature of fraud and fraud."

The advantages and differences between tax evasion, tax avoidance, and tax planning: (Philippa Foster,2013)

1- Nature: Tax planning and tax avoidance are legal while tax evasion is illegal

2- Traits: Tax planning is ethical. Tax avoidance is unethical. Tax evasion is illegal and unacceptable.

3- Motivation: Tax planning is the way to save tax, but tax evasion is tax evasion. Tax avoidance is an act of tax cover-up.

4- Consequences: Tax avoidance leads to deferral of tax liability. Tax evasion leads to punishment or imprisonment.

5- Objective: Tax avoidance aims to reduce tax liability by applying the text of the law, while tax evasion is done to reduce tax liability through the practice of unfair means. Tax planning is done to reduce tax liability by applying the provisions of law and ethics.

6- Allowed: Tax planning and tax avoidance are permitted while tax evasion is not.

Corporate Governance Concept : Interest in the concept of corporate governance has grown in many developed and developing countries of the world, as it is a good tool that enables society to manage companies in a sound scientific and practical manner. To increase control over the distribution of rights among the participants in the management of the company.(Cheffins, 2013). The issue of governance is one of the important topics, as researchers have increased the attention to the risks to which companies are exposed as a result of the occurrence of a series of financial crises in the global economy, scandals, and collapses that afflicted international companies, administrative and financial corruption, weak oversight of financial activities, loss of confidence in financial markets and accounting information, all of that He called for the need for ethical and professional laws and controls to establish a sound system that raises the efficiency of institutions and protects the rights of shareholders and stakeholders, which led to the development of the concept of governance. Some researchers, experts, and economists have touched on the concept of governance, and among the first to address it, Cadbury defined it in 1992 as "the system through which companies are directed and controlled", as defined by the Organization for Economic Cooperation and Development in 1999 as "the set of laws, rules, and standards that It defines the relationship between the company's management, its board of directors, its shareholders and the parties related to it.(Matei, & Drumasu ,2015). ” It is “a set of principles and rules that regulate the relationship between the company and the parties related to the company and defines the responsibility of each party.” It is also defined as “a set of mechanisms, standards, and sound practices that work on Reducing the effects of conflict of interest between management and shareholders through tight control over management and monitoring its work, which leads to developing performance and achieving a high level of disclosure and transparency. other parties through the regulatory means imposed by it, and from the point of view of the International Finance Corporation (IFC) as "the system through which companies are managed and their business is controlled." (Aspen, H., 2017). the World Bank defined corporate governance as “concerned with achieving a balance between economic and social goals and between individual and collective goals and thus encourages achieving efficiency in the use of resources and balancing them with requirements, and it aims to achieve returns for both individuals, companies and society.” (Mallin, 2016). For governance to perform its aforementioned function, some pillars must be available to strengthen the system in institutions, and the most prominent of these pillars are as follows: (Press and Ahmed, 2018),(Hrabrin, 2020)

A- Ethical behavior: It refers to the moral structure that is circulated and which defines the values of frank dialogue to solve problems, in addition to preventing corruption and bribery and limiting activities that hinder governance, such as dealings that favor parties close to officials and internal lending related to officials and workers.

B- Control and accountability: A system characterized by disclosure and transparency of financial reports must be available to complete the effectiveness and efficiency of control over the performance of banks because the application of international standards, accounting standards, and the standards of the Basel Committee on Oversight through an effective internal control system that works according to the law and internal regulations and is periodically evaluated and updated as well as oversight External auditors, whose work depends on the principles and principles of the accredited accounting and auditing profession.

C- Risk management: As a result of the rapid developments taking place in the financial and banking markets and the increase in competition, traditional banking practices of accepting deposits and granting loans have become part of the bank's basic business and the least profitable for it.

Corporate governance (CG) can greatly help companies by instilling better management practices, stronger internal auditing, greater opportunities for growth, and new strategic prospects.There are major components to form the degree of governance: an effective board of directors, the credibility of accounting, internal control, external audit, and sound operational practices. (Liang, et.al , 2016).

To ensure the implementation and success of corporate governance, a set of elements must be available, the most important of which are: (Kyere, & Ausloos, 2021).

1- Legal frameworks: which help define the rights and responsibilities of all parties related to the company and the penalties imposed on them in case of violation of these rights, or negligence in responsibilities.

2- Institutional frameworks: These include governmental oversight institutions regulating the work of companies such as the General Authority for the Capital Market and non-governmental institutions supporting companies that aim for profit, such as professional and scientific associations such as the Association of Accountants and Auditors.

3- Organizational frameworks: which include each of the articles of association of the company and its organizational structure, the presence of basic committees, including the audit committee affiliated to the Board of Directors, the existence of executive management that works to achieve all interests in a balanced manner.

4. The Practical Side

The study sample:

We relied on a sample of private Iraqi companies listed on the Iraqi Stock Exchange, which numbered 33 companies, and data was taken for the years from 2012 to 2022.

Descriptive statistics:

The descriptive statistics (mean, median, standard deviation, maximum, minimum) obtained from the research are presented in Table 1The dependent variable of the study, which is tax avoidance, has a mean and median close to each other and indicates that approximately 0.04 of profit before tax is a tax expense (for for-profit companies) and zero for non-profit companies. Who did not pay taxes as a result... The independent variable, which is corporate social responsibility, has a mean and a median of approximately 0.333. The mediating variable of corporate governance consists of indicators of board size, board independence, board permeability, board gender, and board financial knowledge. The number of board members, the number of board meetings, whether governmental or non-governmental and the continuity of the CEO, indicating that the numbers are close to each other.

Table (1) Descriptive statistics of research variable

Variable		Average	Median	STD	Min	Max
tax avoidance	Dependent	044/-0	026/-0	067/0	497/-0	000/0
CSR	Independent	354/0	333/0	117/0	111/0	611/0
CG	Moderator	374/0	375/0	193/0	000/0	875/0
LEV	Controls	301/0	217/0	297/0	004/0	782/1
Growth	Controls	320/0	021/ 0	040/1	998/-0	590/4
ROA	Controls	064/0	021/0	040/0	793/-0	826/0
EVA	Controls	4*10^{8}/1	5*1eighth0^{8}/3	5*10^{8}/5	8*10^{8}/-1	2*10^{8}/4
AAGE	Controls	610/3	737/3	332/0	302/2	317/4
DIV	Controls	316/0	000/0	379/0	000/0	978/0
LIQ	Controls	315/2	972/1	467/1	044/0	949/6
Size	Controls	349/22	290/22	427/1	681/18	895/26

Inferential statistics

Pearson correlation coefficient matrix in Iraq

Using Eviews9 software, the correlation matrix between research variables was calculated and presented in Table 2

Table (2)

	TA	CSR	CG	LEV	Growth	ROA	EVA	DIV	LIQ	Size	AAGE
TA	1.000										
CSR	-0.481	1.000									
CG	-0.134	0.059	1.000								
LEV	0.057	-0.005	-0.579	1.000							
Growth	-0.094	0.029	-0.153	0.058	1.000						
ROA	-0.232	-0.152	-0.283	0.175	0.054	1.000					
EVA	0.002	-0.180	-0.130	0.132	-0.056	0.26	1.00				

DIV	-0.101	0.266	0.192	-0.190	0.089	-0.58	-0.49	1.00			
LIQ	-0.040	-0.018	0.131	-0.070	-0.050	-0.07	-0.17	0.141	1.00		
Size	-0.096	-0.145	0.048	-0.006	-0.069	0.181	0.267	-0.27	-0.05	1.000	
AGE	0.092	0.009	-0.321	0.192	0.230	0.177	0.137	-0.10	-0.13	0.099	1.0

According to the results of the Table the correlation coefficient between CSR (independent) and tax avoidance (dependent) in Iraq is indirect and significant with a coefficient of -0.481. Also, the modulating variables of corporate governance and tax avoidance (dependent) in Iraq are indirect and significant with a coefficient of -0.134. The correlation coefficient between ROA (control variables) and tax avoidance (dependent) in Iraq is direct and significant with a coefficient of - 0.232 .

Table (3) Results of fitting the first hypothesis: The estimation results of the regression model of the first hypothesis

$\text{tax avoidance}_{i,t} = b_0 + b_1 CSR_{i,t} + b_2 LEV_{i,t} + b_3 Growth_{i,t} + b_4 ROA_{i,t} + b_5 EVA_{i,t} + b_6 DIV_{i,t} + b_7 LIQ_{i,t} + b_8 Size_{i,t} + b_{10} AGE_{i,t} + \varepsilon_{i,t}$						
Variable		Coefficient	STD	T statistic	P-value	VIF
β		0/133	0/081	1/637	0/102	-
CSR	Independent	-0/276	0/030	-9/154	0/000 ***	1/27
LEV	Control	0/006	0/012	0/559	0/576	1/43
Growth	Control	-0/002	0/002	-1/041	0/298	1/67
ROA	Control	-0/020	0/016	-1/203	0/229	1/89
EVA	Control	$99{*}10^{-13}$	$063{*}10^{-13}$	$185{*}10^{-13}$	0/060 *	1/67
DIV	Control	-0/007	0/008	-0/887	0/375	1/65
LIQ	Control	0/000	0/002	0/098	0/921	1/07
Size	Control	-0/005	0/003	-1/492	0/153	1/52
Age	Control	0/009	0/007	1/214	0/225	1/26
Adjusted R	0/21	F		78/11) 0/000(		
Observation	363	Durbin- Watson		1/58		

Test of the first hypothesis:

The results of the F-test of Limer , Hausman, and Durbin-Watson of the first hypothesis are presented in Table as follows.

Table (4) Limmer, Hausman, and Durbin-Watson F test of the first hypothesis

Country			Iraq
Test	Number of years – firm	Chi-statistic	P value
Flimer	363	170/3	000/0
Hasman	363	026/10	348/0
Durbin-Watson	363	58/1	-

According to the results of Table No. 4, Lemer's F test and its significance level in Iraq (0.000) is less than 0.05, which indicates the use of the panel data method instead of the consolidated data method. Also, the Hausman test shows that using the random effect method is preferable to the fixed effect method. As a result, to test the first hypothesis of the research in Iraq, the random effect panel data method has been used. The significance level of the Durbin-Watson test in Iraq (1.59) indicates the absence of serial autocorrelation among the disturbance components of the model. Finally, the results of the variance inflation statistic (collinearity) and the F statistic can be seen in Table .5 as follows.

*** Significance at 1% level * * Significance at 5% level * Significance at 10% level

In Table (5), the results of fitting the first hypothesis in Iraq are presented. It can be seen that social responsibility (independent variable) in Iraq has an indirect and significant relationship with avoidance (dependent variable) with-0/276 coefficients. Therefore, the first hypothesis of the research in Iraq is accepted at the confidence level of 99%. The value of the adjusted coefficient of determination in Iraq is 21% of the changes in the dependent variable explained by the independent variables of the model. Also, the values of the variance inflation statistic (variance inflation < 5) indicate that there is no linearity between the independent variables of the research.

Table (5) Results of fitting the second hypothesis: The estimation results of the regression model of the second hypothesis

$$\text{IequalItax avoidance}_{i,t} = b_0 + b_1 CSR_{i,t} + b_2 CG_{i,t} + b_3 (CG_{i,t} \times CSR_{i,t}) + b_4 LEV_{i,t} + b_5 Growth_{i,t} + b_6 ROA_{i,t} + b_7 EVA_{i,t} + b_8 DIV_{i,t} + b_9 LIQ_{i,t} + b_{10} Size_{i,t} + b_{11} AGE_{i,t} + \varepsilon_{i,t}$$

Variable		Coefficient	STD	T Statistic	P-value	VIF
β		-0/38	1/07	-0/35	0/72	-
CSR	Independent	-0124	0/064	-1/924	0/055 *	1/27
CG	Moderator	-0/096	0/050	-1/899	0/058 *	1/43
$CG_{i,t} \times CSR$	Moderator	-0/348	0/134	-2/594	0/009 ***	1/43
LEV	Control	0/006	0/012	0/517	0/605	1/43
Growth	Control	-0/004	0/002	-1/434	0/151	1/67
ROA	Control	-0/016	0/016	-0/966	0/334	0/229
EVA	Control	$02*10^{-13}$	$06*10^{-13}$	$1/91*10^{-13}$	0/581*	0/060 *
DIV	Control	-0/006	0/008	-0/763	0/445	0/375
LIQ	Control	-0/000	0/002	-0/076	0/939	1/07
Size	Control	-0/006	0/003	-1/724	0/085	1/52
Age	Control	0/010	0/007	1/353	0/176	1/26
Adjusted R	0/24	F		575/10)0/000((		
Observation	363	Durbin- Watson		1/974		

Test of the second hypothesis:

The results of the F-test of Limer, Hausman, and Durbin-Watson of the second hypothesis are presented in Table 6 as follows.

Table (6) Lemer's F test and Durbin Watson's second hypothesis

Country			Iraq
Test	Number of years - firm	Chi-statistic	P value
Flimer	363	919/2	000/0
Hasman	363	163/9	606/0
Durbin-Watson	363	974/1	-

According to the results of Table 6, Lemer's F test and its significance level in Iraq (0.000) is less than 0.05, which indicates the use of the panel data method instead of the consolidated data method. Also, the Hausman test shows that using the random effect method is preferable to the fixed effect method. As a result, to test the second hypothesis of the research in Iraq, the random effect panel data method has been used. The significance level of the Durbin-Watson test in Iraq (1.974) indicates the absence of serial autocorrelation among the disturbance components of the model. Finally, the results of variance inflation (collinearity) and F-statistics can be seen in Table 14 as follows.

*** Significance at 1% level * * Significance at 5% level * Significance at 10% level

Table 7 presents the results of fitting the second hypothesis in Iraq. It can be seen that CG in Iraq has an indirect and significant relationship with avoidance (dependent variable) with coefficients of -0.096. and also according to the coefficient CG*CSR of, has ian anananindirect and significant relationship with tavoidanceaxvoidance (dependent variable) with coefficients of -0.348, so the second hypothesis of the research is accepted, therefore, CG in Iraq moderates the relationship between social responsibility and ttaxvavoidancealue of the adjusted coefficient of determination in Iraq is 24% of the changes in the dependent variable explained by the independent variables of the model. Also, the values of the variance inflation statistic (variance inflation > 5) indicate that there is no linearity between the independent variables of the research.

Summary of the results of research hypotheses:

Table (7) Summary of research results

Research hypothesis	Coefficient	Coefficient	Research hypothesis
corporate social responsibility effects on the tax avoidance	675/-0	009/0	Accept
Corporate governance has a moderating role in the impact of social responsibility on tax avoidance	-0/348	0/009	Accept

5. Conclusions and suggestions:

The results of the research hypotheses indicate that Iraqi companies suffer from slight levels of tax avoidance through adopting social responsibility practices and disclosing corporate governance. The commitment of companies to corporate social responsibility would add value to the company through services or meeting needs, which in turn leads to creating a good reputation for the company by gaining customer satisfaction. We note through the research that the relationship between corporate social responsibility (independent variable) and tax avoidance (dependent variable) is indirect in Iraqi companies listed on the Iraqi Stock Exchange, and this is due to the weak application of accounting for social responsibility in companies in the research sample. Tax avoidance does not violate tax rules by choosing tax-exempt investments. Corporate governance and the application of its principles have a clear impact on paying taxes and preventing tax avoidance. Through the above, Iraqi private companies should pay attention to applying corporate social responsibility because of its positive results for the company in the short and long term and stay away from tax avoidance because of its negative effects on the company's reputation and continuity. The application of corporate governance is very important at the present time because it means sound management. The government should support companies by using tax incentives for CSR activities and maintaining the credibility of taxes. The government should develop new regulations to clarify the indicators that companies should disclose in their CSR activities.

The most important conclusions reached by the researcher are that the application of corporate social responsibility principles, policies and activities improves and evaluates tax management in companies and enhances their tax status, in addition to tax compliance and disclosure with greater transparency. In contrast, the tax assessor faces difficulty in drawing the line between legitimate and ethical tax practices and illegitimate and unethical tax practices. Although corporate tax policy often appears separate from corporate social responsibility policy, in light of the economic conditions experienced by the economies of countries, especially developing countries, there has become an impact and relationship between corporate social performance and tax avoidance practices. Therefore, it is expected that socially responsible companies will be less prone to tax avoidance compared to socially irresponsible companies.

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