

## **ABSTRACT**

*The difference in interests between the government who wants a large tax revenue to finance the needs of the State is inversely proportional to the company as a taxpayer who wants a low tax payment to obtain a large profit makes companies avoid tax to reduce their tax burden by finding loopholes in government regulations. Companies tend to utilize transfer pricing between domestic and international affiliates to avoid paying taxes. But there are also companies that do not use transfer pricing as a way to conduct tax avoidance activities.*

*The purpose of this study is to analyze the influence of business strategy, transfer pricing, and political connections factors to tax avoidance on companies in the mining sector which are listed on the Indonesia Stock Exchange (BEI) in 2016-2018.*

*The population in this study are mining sector companies listed on the Indonesia Stock Exchange (IDX) in 2016-2018. The sampling technique used was purposive sampling and obtained 21 companies with an observation period of 3 (three) years to obtain 63 sample units in this study. Data analysis method in this research is panel data regression analysis using Eviews 10 software.*

*The results of this study indicate that business strategy, transfer pricing, and political connections simultaneously influence tax avoidance. While partially, business strategy has no effect on tax avoidance, transfer pricing has a positive effect on tax avoidance, and political connections have a negative effect on tax avoidance.*

*The results of this study are expected to be used by the Directorate General of Tax (DGT) as a consideration in making policy legislation related to tax avoidance. Companies are expected to be more careful in making decisions related to tax avoidance in order to avoid tax administration sanctions. Also, investors are expected to be able to help in analyzing financial statements to understand tax avoidance practices carried out by companies.*

**Keywords:** *Tax avoidance, Business strategy, Transfer pricing, Political connections.*