ABSTRACT

Tax avoidance is an effort to avoid paying taxes legally by exploiting weaknesses or grey area in tax laws and regulations. Tax is a compulsory financial charge paid by each citizens to the government for the prosperity of the people. But there are still many companies in Indonesia that exploits tax avoidance to minimize their taxes.

This study aims to explore the effect of companies who do not experience financial distress, political connections, and inventory intensity to tax avoidance on pharmaceutical sub sector companies that are listed in Bursa Efek Indonesia (BEI) for the 2013-2018 period. The population for this research is all pharmaceutical subsector companies that are listed in Bursa Efek Indonesia (BEI) for the 2013-2018 period. The samples for this research are 30 samples using non-probability sampling technique. The data in this study were analyzed by descriptive statistic and panel data regression.

The outcome of this study indicates that non financial distress, political connections, and inventory simultaneously affect tax avoidance. Partially, companies who do not experience financial distress and political connections affect to tax avoidance, whereas, inventory intensity does not have any effect on tax avoidance.

Keyword*: Non Financial Distress, Political Connection, Inventory Intensity, Tax Avoidance*