

ABSTRACT

Tax avoidance is an effort to avoid tax that is legal and safe for taxpayers without violating the prevailing taxation provisions by means of using methods or techniques that tend to exploit the weaknesses contained in the law and taxation regulations for the purpose of minimizing the amount of tax owed. Multinational companies tend to capitalize on the differences and weaknesses of a country's taxation system to minimize their tax burden through transfer pricing transactions with overseas affiliated companies who have lower taxation rates. The company's tax avoidance efforts are based on the consideration of executives who have a risk taker or risk averse character.

This research aims to obtain empirical evidence on the influence of Transfer Pricing and executive character both simultaneously and partially to Tax Avoidance with variable control profitability and Leverage. The population in this research is a manufacturing company listed on the Indonesia Stock Exchange (IDX) period 2015-2018. The study uses sampling techniques is purposive sampling and acquired 21 sample companies with a period of 4 (four) years so in 84 can sample units in this study. The method of data analysis in this research is the analysis of the regression of data panels using software eviews 10.

The results of this research show that the transfer pricing, executive character, profitability, leverage simultaneously influence the tax avoidance. While partially transfer pricing, the executive character, the profitability has a positive effect on the tax avoidance, while the leverage has no effect on the tax avoidance.

The results of this research are expected to be used by the Directorate General of Taxation (DJP) can be considered as a consideration in policy making to minimize or prevent tax avoidance. For the company is expected to help to be more careful in taking a policy relating to the tax avoidance in order to remain in order to conduct its obligations in accordance with taxation regulations. For investors is expected to be used to help understand the practice of tax avoidance conducted by the company so that investors acquire additional information as a matter of consideration in investment decision making.

Keywords: Transfer Pricing, Executive Character, Tax Avoidance