

ABSTRACT

The company seeks to minimize the amount of tax burden to be paid by conducting tax avoidance (tax avoidance) because tax payments are one of the factors that will reduce income or income. Tax avoidance is an effort to avoid tax by using methods and techniques that utilize grey areas or weaknesses contained in the legislation in order to minimize the large tax burden owed. However, the efforts made by this company will actually harm the State because more than 70% of Indonesia's Negara revenue comes from the tax sector.

This study aims to determine the effect of transfer pricing, institutional ownership and fiscal compensation on tax avoidance on manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019. In this study transfer pricing, institutional ownership, fiscal compensation loss is an independent variable and tax avoidance is a dependent variable. The method used in sampling techniques of this study is purposive sampling and obtained 33 companies with observation periods for 5 (five) years so that 165 samples were obtained in this study. The method of data analysis in this study is data panel regression analysis using Eviews 10 software.

The results of the research conducted shows that transfer pricing, institutional ownership and fiscal compensation simultaneously affect tax avoidance in manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019. In part, institutional ownership positively affects tax avoidance. Meanwhile, transfer pricing and fiscal compensation have no effect on tax avoidance on manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019.

Advice for the government, especially DJP, this research is expected to be a material evaluation or consideration in setting a new tax policy on tax avoidance in order to minimize tax avoidance so as to increase state revenues sourced from taxes. Advice for the company it is hoped that it can help companies to maximize institutional ownership as a factor that can be used as an effort to minimize the tax burden that will be borne without having to violate the applicable tax laws and regulations by taking advantage of loopholes in the regulations themselves. Advice for investors, investors are expected to understand the practice of tax avoidance (tax avoidance) conducted by the company so that it is useful for investment decision making.

Keywords: *transfer pricing, institutional ownership, fiscal compensation and tax avoidance*