

ABSTRACT

Tax avoidance is an effort made by a company to reduce the amount of tax obligations that must be paid which in this way is considered legal and does not violate laws and regulations. Tax avoidance is used by companies to minimize the tax burden borne by the company, so as to get the highest possible profit. There are several factors that influence tax avoidance, including the cost of debt, thin capitalization, institutional ownership, managerial ownership and foreign ownership.

This study aims to analyze the cost of debt, thin capitalization, institutional ownership, managerial ownership and foreign ownership. In addition, to analyze simultaneously and partially the effect of cost of debt, thin capitalization, institutional ownership, managerial ownership and foreign ownership on primary industrial sector companies listed on the Indonesia Stock Exchange for the 2018-2020 period.

The method used in this study is a quantitative method. The sampling technique used was purposive sampling. From this method, 27 companies were obtained, so the number of observations in this study was 81 observational data. The type of data used is secondary data with data collection techniques used is panel data regression analysis using Eviews software.

The results show that the cost of debt, thin capitalization, institutional ownership, managerial ownership and foreign ownership have a simultaneous effect on tax avoidance. Partially the cost of debt has no effect on tax avoidance, thin capitalization has a positive effect on tax avoidance, institutional ownership has no effect on tax avoidance, managerial ownership has no effect on tax avoidance, foreign ownership has no effect on tax avoidance.

The results of this study are expected to provide information from both theoretical and practical aspects to academics, government, and investors regarding the effect of cost of debt, thin capitalization, institutional ownership, managerial ownership, foreign ownership on tax avoidance. This research is also expected to be a consideration for further researchers to re-examine using other independent variables. Primary industrial sector companies are expected to be able to carry out tax planning properly so that fraud does not occur in accordance with applicable tax regulations.

Keywords: *Cost of Debt, Foreign Ownership, Institutional Ownership, Managerial Ownership, Tax Avoidance, Thin Capitalization*