

ABSTRACT

Taxes are the largest source of revenue for the government. The government always strives to increase tax revenue because taxes are a source of state finance. On the other hand, paying taxes is one of the factors that will reduce income for the company. The company seeks to take actions to reduce its tax burden by taking advantage of the gray area or weaknesses in tax regulations (tax avoidance). However, the efforts made by the company will actually harm the state because more than 75% of Indonesia's state revenue comes from taxes.

This study was conducted to determine the effect of fixed asset intensity, fiscal loss compensation, and political connections on tax avoidance in manufacturing industry companies on the Indonesia Stock Exchange in 2016-2020. The method used in the sampling technique of this study was purposive sampling and obtained 32 samples of companies with an observation period of 5 (five) years so that 160 data were obtained in this study. However, there are outlier as many as 7 samples of companies or 35 outlier. So that obtained 25 samples of companies or 125 data in this study. The data analysis method in this study is panel data regression analysis using Eviews 10 software.

The results of this study indicate that the intensity of fixed assets, fiscal loss compensation, and political connections simultaneously affect tax avoidance in manufacturing companies listed on the Indonesia Stock Exchange in 2016-2020. Partially, the intensity of fixed assets has a positively affect on tax avoidance. Meanwhile, fiscal loss compensation and political connections have a negatively affect on tax avoidance in manufacturing companies listed on the Indonesia Stock Exchange in 2016-2020.

Advice for the government, especially the DJP, this research is expected to be used as an evaluation material or consideration in establishing a new tax policy regarding tax avoidance in order to minimize tax avoidance so that state revenues from taxes can increase. Advice for the company, it is hoped that it can help companies to maximize ownership of fixed asset intensity 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 decision making.

Keywords: *Tax Avoidance, Fixed Asset Intensity, Fiscal Loss Compensation, Political Connection*