ABSTRACT

Tax Avoidance is a legal action taken by taxpayers to minimize the compliance costs that they incur when fulfilling their tax obligations. Tax avoidance is a natural thing for taxpayers to do to take advantage of applicable tax regulations to avoid the imposition of additional taxes.

This study aims to determine the effect of Leverage, Audit committees, and Financial Distress simultaneously and partially on Tax Avoidance in consumer goods sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2018–2022, using the Cash Effective Tax Ratio (CETR) proxy.

The analysis method used in this research is panel data regression using Eviews 12 software. The research method used is quantitative. The population used in this study were consumer goods sector companies listed on the Indonesia Stock Exchange (IDX), and the sampling technique used was purposive sampling, so 70 samples were obtained from 14 companies studied.

The results showed that leverage, audit committees, and financial distress simultaneously affect tax avoidance. Meanwhile, the results showed that leverage and the audit committee have no partial influence on tax avoidance. The results also show that financial distress has a significant positive effect on tax avoidance.

For further researchers, it is suggested that they examine more deeply and more broadly what factors can influence the occurrence of tax avoidance practices. For the government, this research is expected to be taken into consideration in determining tax policies regarding tax avoidance. For consumer goods sector companies, this research is expected to be a material consideration to be more careful in taking tax planning actions. Investors are advised to understand tax avoidance practices and consider the selected company.

Key Words*: Leverage, Audit Committee, Financial Distress, and Tax Avoidance.*