

ABSTRACT

Tax aggressiveness is a method commonly used by companies to avoid tax, which results in the amount of state tax revenue which is the largest source of income in Indonesia. Tax aggressiveness is divided into 2 types, first, legal tax aggressiveness is called tax avoidance, and illegal tax aggressiveness is called tax evasion.

This study aims to analyze the effect of Tunneling incentives, Thin capitalization, Financial distress, and Earnings management on Tax Aggressiveness in Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2017-2021 Period, either simultaneously or partially.

This study uses quantitative methods. The population in this study are 213 companies in the manufacturing sector listed on the Indonesia Stock Exchange for the 2017-2021 period by using the panel data method used, namely purposive sampling, there are 420 observations. The method used is panel data regression analysis using Eviews 12 software.

Based on the results of this study, it was found that tunneling incentive, thin capitalization, financial distress, and earnings management simultaneously affect tax aggressiveness in manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period. Partially, tunneling incentives have no effect on tax aggressiveness. Meanwhile, thin capitalization, financial distress, and profit management positively affect tax aggressiveness.

Advice for The Direktorat Jenderal Pajak, this research is expected to be taken into consideration in conducting tax audits and paying more attention to the company's financial condition. Advice for companies should do careful tax planning rather than tax aggressiveness. Then the advice for investors is to be more careful in making investments because of the possibility of companies doing earning management and tax aggressiveness.

Keywords: *Tax Aggressiveness, Tunneling incentive, Thin capitalization, Financial distress, Earnings management*