ABSTRACT

Tax avoidance is a legitimate tax planning practice, where an entity plans financial transactions and events carefully, carefully considering the possible tax impacts, with the aim of legally reducing the tax burden in accordance with the provisions of applicable tax regulations. This tax avoidance action can be triggered and influenced by various factors, such as transfer pricing, level of profitability, capital intensity and minimal financing.

This research aims to determine the effect of Transfer Pricing, Profitability, Capital Intensity, and Thin Capitalization on Tax Avoidance in multinational companies in the new goods sector listed on the Indonesia Stock Exchange (BEI) for the 2018-2022 period. This research method uses a quantitative approach with a case study strategy. The data used in this research is secondary, and data collection was carried out through observation methods. The sampling technique used was purposive sampling, which produced a sample of 10 from a total population of 15 companies.

The research findings indicate that transfer pricing, profitability, capital intensity, and thin capitalization collectively influence tax avoidance. Meanwhile, on a partial basis, transfer pricing and thin capitalization have a positive impact on tax avoidance, whereas profitability and capital intensity do not individually affect tax avoidance.

This research is expected to provide benefits to the Directorate General of Taxes, manufacturing companies and investors, by providing insight into the factors that influence tax avoidance, assisting companies in complying with regulations, providing considerations to investors who will invest in raw goods sector companies, as well as being a tool that supports the supervision of companies with indications of high tax avoidance.

Keywords**:** *tax avoidance, transfer pricing*, *profitability*, *capital intensity*, *thin capital*