ABSTRACT

Tax avoidance is a legal and safe action taken by taxpayers to reduce the amount of tax that must be paid, without violating applicable tax provisions. In tax avoidance, the methods and techniques used tend to take advantage of loopholes (gray areas) that exist in the law. -tax laws to reduce the amount of tax that must be paid.

This research aims to determine the effect of thin capitalization, company risk, and managerial ownership on tax avoidance in primary industry companies listed on the Indonesia Stock Exchange (BEI) in 2019-2022.

The population in this study were primary industrial companies listed on the Indonesia Stock Exchange. Using the purposive sampling method, 40 samples were obtained consisting of 10 companies over 4 years. The data analysis model used in this research is panel data regression analysis using eviews 12 software.

The results of this research show that partially thin capitalization and company risk have an effect on tax avoidance, while managerial ownership has no effect on tax avoidance. The research results simultaneously show that thin capitalization, company risk, and managerial ownership influence tax avoidance.

It is hoped that further research can conduct research on other independent variables such as fixed asset intensity, institutional ownership, and earnings management to determine their effect on tax avoidance. The author also suggests that further research can increase the number of observations by expanding the research sector listed on the Indonesian Stock Exchange and increasing the research period.
Keywords: Cost of Debt, Foreign Ownership, Institutional Ownership, Managerial Ownership, Tax Avoidance, Thin Capitalization