DETERMINANT FACTORS OF THE COMPANIES TO DO TAX AVOIDANCE

Kenny Ardillah
Sekolah Tinggi Ilmu Ekonomi Wiyatamandala
kennyardillah121@gmail.com

Received on 9 August 2023
Accepted on 6 December 2023

Abstract— Tax avoidance is carried out by companies to minimize tax payments to the state by doing thin capitalization, transfer pricing, and earnings management because paying taxes is considered a burden and can reduce a company's profit. The objective of this research is to determine the effect of firm size, thin capitalization, transfer pricing, and earning management on tax aggressiveness with profitability as control variable. This research provide new evidence regarding the influence of firm size, thin capitalization, transfer pricing, and earnings management on tax avoidance in manufacturing companies with consumer goods subsector in Indonesia. The population in this research are all manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange in 2017-2021. The data collection technique was using purposive sampling technique to determine research sample for five years period. This research uses the panel data regression method with a random effects model approach. The research results show that firm size and thin capitalization has a positive effect on tax avoidance, while transfer pricing and earnings management do not affect tax avoidance. From this result of research, the company management needs to increase awareness to comply with paying taxes and not to do tax avoidance practices.

Keywords: Earnings Management; Firm Size; Tax Avoidance; Thin Capitalization; Transfer Pricing

1. INTRODUCTION

1.1 Background

Individuals and entities are part of the taxpayers who have rights and obligations that have been stated in the provisions regarding taxation in force in Indonesia, such as paying taxes, withholding taxes, and collecting taxes. Based on the economic aspect, taxes have a large percentage of Indonesia's state revenue and finance the state budget each year (Mahardika & Irawan, 2022). Taxes are useful for the life of a prosperous society so tax payment has become a major component in the economic community development (Ardillah & Halim, 2022). Tax targets in recent years have shown positive progress in line with funding needs in the State Revenue and Expenditure Budget which can be shown in the following table 1 (Sueb, 2020).

Table 1. Realization of Tax Revenue in Indonesia During 2016-2021

Year	Tax Revenue (Trillion Rupiah)		Target Achievement
	Estimated to be Received	Realized	
2017	Rp 1.472,7	Rp 1.343,5	91.23%
2018	Rp 1.618,0	Rp 1.518,8	93.86%
2019	Rp 1.786,3	Rp 1.546,1	86.55%

Year	Tax Revenue (Trillion Rupiah)		Target Achievement
	Estimated to be Received	Realized	
2020	Rp 1.404,5	Rp 1.285,1	91.50%
2021	Rp 1.229,6	Rp 1.277,5	103.90%

Source: Summarized by Author (2022)

Table 1 shows that the target for the realization of state revenues sourced from taxes in 2016-2021 has not experienced a significant increase with the realization of tax revenue that has not reached the tax revenue targets set in the State Revenue and Expenditure Budget. The taxpayer compliance ratio has increased from 2019 which reached 73%, but still has not reached the target in 2020 which was set at 80%. Amid economic uncertainty due to the COVID-19 pandemic, the tax compliance ratio in 2021 has increased to 84%, so that the realization of tax revenue in 2021 exceeds the set tax revenue target. This result is supported by the economic recovery and optimal supervision from the Director General of Taxes even though the 2021 COVID-19 pandemic is still ongoing. From these results, it can be concluded that taxpayers are not fully compliant in paying taxes based on the average percentage of achieving the target from 2016-2021 of 91.75% which has not exceeded 100% of the tax revenue target set in the State Revenue and Expenditure Budget.

Companies must calculate and report taxes that must be paid, and pay taxes regularly every year (Ardillah et al., 2022). Tax payments are a burden because they can reduce company profits. By minimizing tax payments, aggressive actions can be taken against taxes. These actions can be planned by companies' management to make tax payments lower. Companies that take action to avoid taxes are categorized as companies that are aggressive towards taxes or tax aggressiveness (Oktaviani et al., 2021). Tax aggressiveness is an action that companies take to reduce taxable profits and reduce the tax burden paid. Tax planning is the first step before carrying out tax aggressiveness so that it complies with tax provisions remains legal and avoids violations. Tax aggressiveness that was done legally is called tax avoidance (Utami et al., 2020).

In Indonesia, the companies carrying out tax avoidance have caused losses to the state reaching IDR 68.7 trillion per year (Utomo, 2021). One of the manufacturing companies in the consumer goods sector that carries out tax avoidance practice is PT Bentoel Internasional Investama which had achieved losses in state tax revenue during 2016-2020. PT Bentoel Internasional Investama do tax avoidance by transferred its income to affiliated companies. The condition of income from PT Bentoel Internasional Investama shows that net income from 2016 to 2018 has increased every year but in 2020 the company suffered net loss with the total loss amount of IDR 608,463,000,000 in the company's financial statements (Trisnawati & Ardillah, 2023).

Tax avoidance is a tax problem that often occurs today and is carried out by companies to minimize tax payments to the state because paying taxes is considered a burden and can reduce company profits (Ardillah et al., 2022). Tax avoidance through thin capitalization rules can be achieved by using debt (Rahayu 2011; Buettner et al., 2012). Thin capitalization is a condition in which a company's financial statement shows that the amount of debt was greater than the amount of capital to minimize the tax payable that must be paid by the company (Goyvaerts & Roggeman, 2020). The debt owned by the company that generates interest can reduce taxable income which results in the tax payable also being reduced. The higher the amount of debt in the company's capital structure, the higher the practice of thin capitalization by companies to avoid taxes payment (Utami & Irawan, 2022).

Firm size is closely related to the number of assets the company owns, so the bigger the company, the greater the assets the company owns (Wardani & Puspitawari, 2022). Firm size can measure the ability and stability of the company to do its operation. The maturity stage is determined based on the total assets of the company (Kurniasih & Sari, 2013). The greater the total assets that owned by the company indicating that the company has good prospects over a relatively long period of time. Compare to the company with a small total asset, the company that had greater asset will more stable and able to make a profit and tax avoidance will likely to occur if the management want to reduce corporate tax obligation (Lee et al., 2015; Kalbuana et al., 2020).

The company is making efforts to avoid tax, one of which is the practice of transfer pricing (Fitriani et al., 2021). The companies practice to do transfer pricing as an effort to avoid taxes due to differences in tax provisions and regulations that apply between countries (Sitanggang & Companyansyah, 2021). Multinational companies can establish overseas subsidiaries to carry out transfer pricing actions, especially in countries that have low tax rates because they can transfer profits and assets to subsidiaries that are in tax haven countries or low tax rates to facilitate tax avoidance (Richardson et al., 2013).

Another factor that can affect tax avoidance is earnings management. Earnings management is an act done by managers to choose accounting policies that can influence financial reporting by managing the income (Sulistyanto, 2008; Scott, 2015). The company's management conduct earnings management because they have the motivation to achieve goals. The company can obtain sales and profits according to the targets set and report a stable financial condition of the company so that it is considered to have good financial performance (Fidelia & Ardillah, 2022). Companies that have a low tax burden have a high level of tax avoidance as a result of earnings management actions taken by company managers.

The research of Ichsani & Susanti (2019), Yahaya & Yusuf (2020), Wardani & Puspitawari (2022), Paramita, et al. (2022), and Rizka & Rahayu (2023) found that firm size affect positively to tax avoidance, while Warumu & Kartikaningdyah (2019), Sonia & Suparmun (2019), and Kalbuana et al. (2020) found that firm size had no effect to tax avoidance. The same research that has been conducted by Andawiyah et al. (2019), Suntari & Mulyani (2020), Irawan & Novitasari (2021), and Utami & Irawan (2022) which found that thin capitalization affects tax avoidance. This result of research could not be compared to Utami et al. (2020), Hutomo et al. (2021), and Rini et al. (2022) that thin capitalization does not affect tax avoidance (2021). Fitriani et al. (2021), Utami & Irawan (2022), and Suntari & Mulyani (2020) proved that transfer pricing affects tax avoidance. The different results in Suntari & Mulyani (2020), Fitriani et al. (2021), Robin et al. (2021), and Utami & Irawan (2022) proved that transfer pricing does not affect tax avoidance. Machdar (2019), Wardani, et al. (2019), Robin et al. (2021), Mappadang (2021), Marfiana & Putra (2021), Oktaviani et al. (2021), and Thalita et al. (2022) in their research results proved that earnings management affects tax avoidance. Handayani & Mardiansyah (2021) have the different result of the research that proved earnings management do not affect tax avoidance.

This research replicates Hidayat & Wijaya (2021) with a difference in the sample companies used in this research are manufacturing companies in the consumer goods sector which are listed on the Indonesia Stock Exchange for the five years period from 2016-2020 and add firm size and thin capitalization as independent variables to become factors that affect tax avoidance. This research provide new evidence regarding the influence of firm size, thin capitalization, transfer pricing, and earnings management on tax avoidance in manufacturing companies with company goods subsector in Indonesia. Previous studies showed different results related to factors that affect tax avoidance has become motivation for researchers to

examine the effect of firm size, thin capitalization, transfer pricing, and earnings management on tax avoidance. The research objective was to find empirical evidence on the effect of firm size, thin capitalization, transfer pricing, and earnings management on tax avoidance with profitability as control variable.

1.2 Problem Formulation

Based on the research background, the formulation of this research problem is as follows:

1. Does firm size have a positive effect on tax avoidance?
2. Does thin capitalization have a positive effect on tax avoidance?
3. Does transfer pricing have a positive effect on tax avoidance?
4. Does earning management have a positive effect on tax avoidance?

1.3 Literature Review and Hypothesis

1.3.1 Agency Theory

The theory underlying this research is agency theory. Agency relationship in agency theory is a contract in which one or more people (parent) employ another person (agent) to perform various services and delegate decision-making authority to the agent (Jensen and Meckling, 1976). Agency theory in the context of corporate financial information is part of a group of positivist theories taken from financial literature (Adams, 1994). Tax avoidance can be carried out due to information asymmetry between management who develops and manages accounting systems and users of financial statements (Falbo & Companyansyah, 2018). The difference in reporting of profits in financial statements can cause a conflict of interest and interest between management as internal parties and shareholders and creditors as external parties (Ardillah & Vesakhadevi, 2021). Management as an agent will report higher profits in the financial statements to receive compensation (bonuses) or in connection with debt contract regulations (Suntari & Mulyani, 2020).

1.3.2 Tax Avoidance, Firm Size, Thin Capitalization, Transfer Pricing, Earnings Management, Profitability

Tax avoidance is an action designed to reduce a company's taxable income through tax planning using legal methods such as tax avoidance (Frank et al., 2009). Tax avoidance can avoid tax legally, not contradict, and take advantage of weaknesses or grey areas in the applicable tax rules in tax rules and regulations to minimize tax payments (Pohan, 2016). Management of the company will try to take advantage of tax regulatory loopholes which can enable the company to remain compliant with the applicable tax regulations but the tax burden imposed on the company is engineered to be smaller or paid in the minimum amount possible (Gulo & Mappadang, 2022).

Firm size is a scale in which the size of the company can be classified according to various ways, including total assets, stock market value, and others (Prasetyorini, 2013). Firm size is a scale or value that can classify a company into small firm, medium firm, and large firm (Oktamawati, 2017). Firm size can be described by the scale of the company such as total assets, average level of sales, and total sales that owned by the company (Cahyono, et al., 2016).

Thin capitalization is the practice of financing a branch or subsidiary company using interest-bearing debt rather than using capital (Pohan, 2018). The practice of thin capitalization can be detrimental to countries that apply normal or high tax rates by raising borrowing costs, adding interest expense, and cutting profits (Manik & Fitriana, 2023). The company will use debt financing as a way to do tax avoidance than equity financing because debt can be used as

tax insentive as the interest expense become deductible expense (Jaros & Bartosova, 2015; Turner, 2017). In Indonesia, Minister of Finance has issued PMK No. 169/PMK/010/2015 to make restrictions on the ratio of debt to equity financing of company which was limited to 4:1 (Winarto & Daito, 2021).

Transfer pricing is a company policy in choosing the transfer price of a transaction whether in the form of goods or services or financial transactions carried out by the company (Hendriarto, 2021). Transaction between affiliated companies can facilitate the company to do tax avoidance by shifting income and expense in a low taxes or high taxes jurisdictions (Desai et al., 2006; Barker, et al., 2017). Domestic and multinational companies in carrying out transfer pricing have the following objectives to be achieved such as (1) achieving the goals of the company and other companies, (2) improving the competitive position of affiliated subsidiaries or branches and market penetration, (3) controlling the cash flow of subsidiaries or branches of affiliated companies, (4) controlling the risk of foreign currency exchange rates to reduce monetary risk, (5) monitoring the performance of foreign subsidiaries to achieve goal synchronization between subsidiary managers and parent companies, (6) made accurate performance appraisal of the parent and subsidiary companies, suitability of objectives, and preservation of divisional autonomy, (7) transmitting financial data between departments within the company on the use of goods and services, (8) evaluating the performance of the purchasing and selling divisions, (9) minimizing the taxes and duties that incurred worldwide, and (10) avoiding foreign government interference (Pohan, 2018).

Earnings management is the manager's choice to change financial statements that align with stakeholders' interests (Tiffany & Wijaya, 2020). Earnings management can also refer to selecting certain accounting rules to comply with the company's financial needs (Minanari & Rahayu, 2019). Accounting standards allow management to choose policies that can apply accounting methods in conveying information about company's financial performance to external parties (Ardillah, 2018). To achieve earnings management objectives, the management can do planning activities to enhance the company's financial performance, such as holding the selling price and the number of sales so that the costs are fixed, determining the selling price to achieve profit targets, and targeting the number of products to be sold (Scott, 2015; Azizah & Mappanyuki, 2023).

Profitability is the company's benchmark for the profit earned and is the main benchmark for the company's success (Kurniawan et al., 2021). Benchmarks for profitability can be identified using profitability ratios to measure efficiency of the use of company's asset and oversee the effectiveness of company's management that benefit investors and creditors regarding the company's assessment of future funding (Hermuningsih, 2013; Prihadi, 2019). Return on assets is one of the profitability ratio that shows manager effectiveness in using assets to earn more income, so the good management of using an asset by the company will produce better profits (Lestari et al., 2020).

1.3.3 The Effect of Firm Size to Tax Avoidance

The firm size can be seen from how much a company has total assets. The companies that had large size both physically and operationally have relatively large total assets (Healy, 1985). Large companies have expertise in managing their own resources for a long period of time compared to small companies that are still not optimal in managing their resources (Waruwu & Kartikaningdyah, 2019). Large companies tend to do better tax planning and adopting effective accounting practices to lower the company's effective tax rate compare than small companies (Paramita et al., 2022). When income increases drastically, large companies are able to defer income to the next period and make an impact on earnings that look smaller,

resulting in fewer tax payments. This statement is in line with the results of research conducted by Ichsani & Susanti (2019), Yahaya & Yusuf (2020), Wardani & Puspitawari (2022), Paramita, et al. (2022), and Rizka & Rahayu (2023) which found that firm size affects tax avoidance.

Ha1: Firm size affects positively to tax avoidance

1.3.4 The Effect of Thin Capitalization to Tax Avoidance

Thin capitalization can become substituted efforts by the company to fund the company operations with debt funding compared to equity funding (Andawiyah et al., 2019). From the point of view of developing countries, including Indonesia, where investment funding is mostly through debt, it creates risks and can cause Base Erosion and Profit Shifting problems. Taxable income can become smaller because, in tax regulations, interest on debt is a deductible expense. Therefore, companies can take advantage of incentives in the form of reducing the amount of taxes due to interest expenses (Utami & Irawan, 2022). The higher amount of capital funded by debt will increase the company's interest expense and reduce the company's taxable income (Rini et al., 2022). This statement is in line with the results of research conducted by Andawiyah et al. (2019), Suntari & Mulyani (2020), Irawan & Novitasari (2021), and Utami & Irawan (2022) which found that thin capitalization affects tax avoidance.

Ha2: Thin capitalization affects positively to tax avoidance

1.3.5 The Effect of Transfer Pricing to Tax Avoidance

Transfer pricing practices were company policy to decide the transfer price of related party transactions between divisions or group companies (Afriyanti, 2019). The high practice of transfer pricing reflects that tax avoidance by companies is becoming more aggressive. Companies that have subsidiaries and branches in areas that have different tax rates will take advantage of regulatory loopholes with transfer pricing measures (Fitriani et al., 2021). Transfer pricing has an effect on tax avoidance because the greater the level of related party transactions, the greater the tendency to set unfair prices on these transactions (Utami et al., 2020). This indicates that the more transfer price activities, the more the tendency of the company to carry out tax avoidance. This statement is in line with the results of research conducted by Suntari & Mulyani (2020), Fitriani et al. (2021), and Utami & Irawan (2022) which result that transfer pricing affects tax avoidance.

Ha3: Transfer pricing affects positively to tax avoidance

1.3.6 The Effect of Earnings Management to Tax Aggressiveness

Earnings management is an action taken by management to increase or decrease profits in financial statements with the aim of management or company interests (Scott, 2015). Management's motivation to take earnings management actions is to reduce the tax burden. If the company takes earnings management actions, the company is considered aggressive toward its taxes (Oktaviani et al., 2021). Management can carry out earnings management by doing income minimization or reducing income reported in financial statements (Surahman and Companyansyah, 2017). This statement is in line with the results of research conducted by Machdar (2019), Wardani, et al. (2019), Marfiana & Putra (2021), Mappadang (2021), Oktaviani et al. (2021), and Thalita et al. (2022) which results that earnings management affects tax avoidance.

Ha4: Earnings management affects positively to tax avoidance

1.3.7 Research Model

The research model is presented in Figure 1.

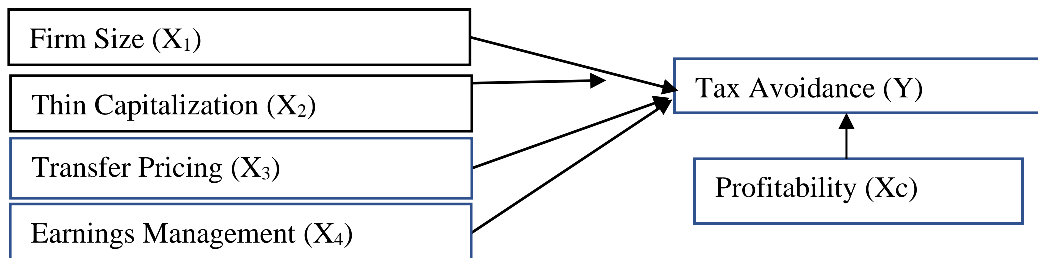

Figure 1. Research Model

2. METHODOLOGY AND DATA ANALYSIS

2.1 Research Design

The population in this research are manufacturing companies in the consumer goods sector which are listed on the Indonesia Stock Exchange during the years from 2017-2021. The sampling technique in this research used a purposive sampling method with predetermined criteria to adjust the research samples and minimize data variations. The number of manufacturing companies listed on the Indonesia Stock Exchange was 74 companies. The researcher eliminated 34 company samples because the company was delisted or not delisted consecutively. The researcher also eliminated 3 company samples that had negative earnings consecutively and did not have the necessary data to complete the information needs by the researchers. Finally, researchers collected 185 data from 37 companies' samples in Table 2 with sample selection criteria procedures and results as follows.

Table 2. Sample Selection Criteria Results

No.	Criteria	Sample
1.	Manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange	74
2.	Manufacturing companies in the consumer goods sector that were not listed consecutively or delisted from the Indonesia Stock Exchange during the 2017-2021 period	-34
3.	Manufacturing companies that had negative earnings consecutively and no completed information needs to collect as research data	-3
	Number of Samples	37
	Total Period	x 5
	Total Research Data (37 x 5)	185

2.2 Variable Operationalization

The independent variables in this research are firm size, thin capitalization, transfer pricing, and earnings management. The dependent variable in this research is tax avoidance. The control variables in this research is profitability. Table 3 shown the operationalization of the variables used in this research.

Table 3. Variable Operationalization

Variable	Definition	Formula	Scale
Tax Avoidance	Actions to reduce taxable income so as to minimize the company's tax burden (Frank et al., 2009).	ETR = (Tax Expense / Pretax Income) (Leksono, et al, 2019)	Ratio
Firm Size	The size of a company that can be seen from the total assets or total sales (Cahyono et al., 2016).	Firm Size = Ln (Total Asset) (Leksono et al., 2019)	Ratio
Thin Capitalization	The condition of a company that has a higher amount of debt than its capital (OECD, 2012).	Safe Harbor Debt Amount = (Average total asset - non interest bearing liability) x maximum Debt to Equity Ratio (maximum DER according to Minister of Finance Regulation Number 169/PMK. 010/2015 was 4: 1 or 80%) Maximum Allowance Debt Ratio = (average debt / SHDA) (Taylor & Richardson, 2012 & Andawiyah et al., 2019)	Ratio
Transfer Pricing	One of the tax-aggressive practices carried out by company management the aim of transferring company profits and expenses to related parties to reduce company profits so that companies can reduce tax payments to the state, the way that can be done is to carry out transactions with related parties (Alfarizi et al., 2021).	Transfer Pricing = (Related party trade receivables / total asset) (Hutomo et al., 2021)	Ratio
Earnings Management	Actions taken by management in measuring accounting profit with specific objectives (Walker, 2013).	The discretionary accruals model of Jones which has been modified (1995) with the following stages: 1. $TA_{it} = NI_{it} - CFO_{it}$ 2. $TA_{it}/A_{it-1} = \beta_1 (1/A_{it-1}) + \beta_2 (\Delta REV/A_{it-1}) + \beta_3 (PPE_{it} / A_{it-1}) + e$ 3. $NDA_{it} = \beta_1 (1/A_{it-1}) + \beta_2 (\Delta REV/A_{it-1} - \Delta REC/A_{it-1}) + \beta_3 (PPE_{it} / A_{it-1})$ 4. $DA_{it} = (TA_{it} / A_{it-1}) - NDA_{it}$	Ratio
Profitability	The company's ability to generate profits (Leksono et al., 2019).	Return On Asset = Net income / Total asset (Leksono et al., 2019)	Ratio

2.3. Data Analysis Method

The classic assumption tests used in this research include normality, multicollinearity, and heteroscedasticity. The normality test uses the Jarque-Bera test by looking at the probability value, if the probability value is <0.05, it can be concluded that the regression model has data that distributed normally. Multicollinearity test by looking at the correlation value between the two variables, if the correlation value is <0.80 it means that there is no multicollinearity problem in the regression model. The heteroscedasticity test uses the white method by looking at the Obs*R-Squared probability value, if the probability value of Obs*R-

Squared is <0.05, it can be concluded that the regression model contains heteroscedasticity problems (Ghozali & Ratmono, 2017).

The model feasibility tests to be used in this research are the Chow test, Hausman test, and Lagrange multiplier test. The Chow test was carried out to know the best estimate of the panel data regression model. If the Chi-square Cross Section probability value < 0.05 then the fixed effect model is selected, but if the Chi-square Cross Section probability value is > 0.05 then the common effect model is selected. The Lagrange Multiplier test was carried out to know the best estimation of the panel data regression model, whether it is a common effect model or a random effect model. If the probability value of both Breusch-Pagan is <0.05 then the random effect model is chosen, but if the probability value of both Breusch-Pagan > 0.05 then the common effect model is selected (Priyatno, 2022).

This research conducted a hypothesis test consisting of a hypothesis test and coefficient of determination test (R2). The data analysis method in this research uses panel data regression analysis with the following equation.

$TA_{it} = \alpha + \beta_1 FS_{it} + \beta_2 TC_{it} + \beta_3 TP_{it} + \beta_4 EM_{it} + \beta_5 P_{it} + \varepsilon$

Description:

TA_{it} = Tax Avoidance
α = Constant
$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = Coefficient Regression
FS_{it} = Firm Size
TC_{it} = Thin Capitalization
TP_{it} = Transfer Pricing
EM_{it} = Earnings Management
P_{it} = Profitability
ε = Error

3. RESEARCH RESULT AND DISCUSSION

3.1 Descriptive Statistic

Descriptive statistical test results from observational data on manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period can be seen in Table 4.

Table 4. Descriptive Statistic Result

	Tax Avoidance	Firm Size	Thin Capitalization	Transfer Pricing	Earnings Management	Profitability
Mean	0.482215	29.21442	0.833759	0.042590	-0.020647	0.069163
Maximum	39.87294	32.72561	5.370085	0.469654	1.152623	0.920997
Minimum	-2.622902	25.66354	-2.127341	0.000000	-0.583465	-2.640992
Std. Dev.	2.971641	1.694720	0.848232	0.079476	0.159702	0.221645

Table 4 shows that tax avoidance has a minimum value of -2.622902 and a maximum value of 39.87294. Tax avoidance has an average of 0.482215 and a standard deviation of 2.971641. Firm size shows a minimum value of 25.66354 and a maximum value of 32.72561. Firm size has an average of 29.21442 and a standard deviation of 1.694720. Thin capitalization shows a minimum value of -2.127341 and a maximum value of 5.370085. Thin capitalization has an average of 0.833579 and a standard deviation of 0.848232. Transfer pricing has a minimum value of 0.00000 and a maximum value of 0.469654. Transfer pricing has an average of 0.042590 and a standard deviation of 0.079476. Earnings management shows a minimum value of -0.583465 and a maximum value of 1.152623. Earnings management has an average of -0.020647 and a standard deviation of 0.159702. Profitability shows a minimum value of -

2.640992 and a maximum value of 0.920997. Profitability has an average of 0.069163 and a standard deviation of 0.221645.

3.2 Classical Assumption Tests

The classic assumption tests results including normality, multicollinearity, and heteroscedasticity test. Based on the results of the normality test, the Jarque-Bera probability value is 0.11431, which is more than 0.05, so the data is normally distributed. Based on the results of the multicollinearity test, the correlation value between the two variables is less than 0.80. It can be concluded that there is no multicollinearity in the regression model used in the research and nearly perfect relationship in the regression model. Based on the results of the heteroscedasticity test, the Obs*R-Squared probability value is 0.481120, which is more than 0.05. It can be concluded that the regression model does not contain heteroscedasticity problems.

3.3 Model Feasibility Test

The model feasibility test in this research involved the Chow Test in Table 5 and the Lagrange Multiplier Test in Table 6.

Table 5. Chow Test Results

Effects Test	Prob.
Cross-section Chi-square	0.471

Table 6. Lagrange Multiplier Test Results

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.189122	0.502316	0.691438
	(0.6158)	(0.4523)	(0.3825)

Based on Table 5, it can be seen that the Chi-square Cross Section probability value is 0.471 where the Chi-square Cross Section probability value is > 0.05 so it can be concluded that the common effect model was selected in the Chow test. Based on Table 6, it can be seen that the probability value of the Breusch-Pagan Cross Section is 0.6158 where the probability value of the Breusch-Pagan Cross Section is > 0.05 so it can be concluded that the common effect model is selected in the Lagrange multiplier test.

3.4 Hypothesis Testing

Based on the selected model, the best panel data regression model is common efect model. The following result in table 7 is the common effect model test result which is the model chosen in this research.

Table 7. Common Effect Model Test Results

Variable	Coefficient	Prob.
Constant	0.10251	0.16210
Firm Size	0.24218	0.04226
Thin Capitalization	0.51845	0.01190
Transfer Pricing	-1.01947	0.28541
Earnings Management	0.18114	0.56955
Profitability	-0,27721	0.11442

Based on table 7, the panel data regression equation in this research can be formulated as follows.

$TA_{it} = 0.10251 + 0.24218\ FS_{it} + 0.51845TC_{it} - 1.01947TP_{it} + 0{,}18114EM_{it} – 0{,}27721P_{it} + \varepsilon$

The probability value of firm size is 0.04226 with a positive regression coefficient value of 0.24218 which indicates that Ha_1 is accepted, so it can be concluded that firm size has positive effect to tax avoidance. The probability value of thin capitalization is 0.01190 with a positive regression coefficient value of 0.51845 which indicates that Ha_2 is accepted, so it can be concluded that thin capitalization has a positive and significant effect on tax avoidance. The transfer pricing probability value is 0.28541 with a negative regression coefficient value of –1.01947 which indicates that Ha_3 is rejected, so it can be concluded that transfer pricing has no effect and is not significant on tax avoidance. The probability value of earnings management is 0.56955 with a positive regression coefficient value of 0.18114 which indicates that Ha_4 is rejected, so it can be concluded that earnings management has no effect and is not significant on tax avoidance. The profitability probability value is 0,11442 with a negative regression coefficient value of -0.27721 which indicates that tax avoidance can't be controlled by profitability.

3.5 Determination Coefficient Test

The following result in table 8 is the determination coefficient result.

Table 8. Determination Coefficient Test Result

Test	Value
Adjusted R-Square	0.389261

Based on the selected model and result test from table 8, it shows that the adjusted R-Square value is 0.389261 or equal to 38,93 %. This shows that the dependent variable, such as tax avoidance which can be explained by the independent variables, such as firm size, thin capitalization, transfer pricing, and earnings management which is controlled by profitability is 38,93 %. While the remaining 61,07 % is explained by other independent variables that are not discussed in this research model.

3.6. Hypothesis Test

3.6.1 The Effect of Firm Size on Tax Avoidance

The result of testing the first hypothesis proves that firm size has a positive and significant effect on tax avoidance. The results of this research are in line with the results of research from Ichsani & Susanti (2019), Yahaya & Yusuf (2020), Wardani & Puspitawari (2022), Paramita, et al. (2022), and Rizka & Rahayu (2023). The results of this research are not in line with

Warumu & Kartikaningdyah (2019), Sonia & Suparmun (2019), and Kalbuana et al. (2020). The larger the firm size, the higher the tendency for the company's compliance or aggressive to do tax avoidance practice. The firm size can trigger agency problems with tax avoidance behavior to minimize tax burden along with increasing tax obligation due to differences in interests between various parties including management, shareholders, and tax authorities.

The smaller firms need qualified tax specialists to properly handle the tax burden imposed on them, compare to larger companues that has more qualified tax specialists. Large firms will be more active in pursuing tax avoidance to reduce tax burden by doing tax avoidance practice since they have numerous resources to affect governmental policy in their favor. By comparing the total assets that controlled by the company, the transactions will become more complex and the income will increase as the company grows. The larger the firm size, the firm can do businesses that constructed on a large scale by allocating their significant assets to generate more profits. The companies that routinely make more profits are more likely to engage in tax avoidance since large profits entail a significant tax burden.

3.6.2 The Effect of Thin Capitalization on Tax Avoidance

The result of testing the second hypothesis proves that thin capitalization has a positive and significant effect on tax avoidance. The results of this research are in line with the results of research from Andawiyah et al. (2019), Suntari & Mulyani (2020), Irawan & Novitasari (2021), and Utami & Irawan (2022). The results of this research are not in line with Utami et al. (2020), Hutomo et al. (2021), and Rini et al. (2022). Companies that have a debt value that is greater than the capital they have can be classified as companies that carry out thin capitalization practices with the aim of tax avoidance. Companies that have higher debt than capital provide benefits for the company because debt generates interest payments that are not subject to tax but receive tax incentives, thereby reducing taxable income.

Companies that have higher capital than debt can increase the tax burden because by investing in capital the company receives dividends and is taxed. The difference in the treatment of debt and capital results in companies having the opportunity to practice thin capitalization to avoid taxes payment so that companies prefer to have higher debt than capital. Tax avoidance can be caused by the influence of thin capitalization practices because tax avoidance can cause the companies to pay interest expenses and reduce profits, which can reduce the company's income tax burden. The results of this research support the agency theory which states that the practice of thin capitalization is an attempt by owners to finance companies from debt to reduce profits and taxes owed. This is the impact of charging interest on debt owned by the company.

3.6.3 The Effect of Transfer Pricing on Tax Avoidance

The result of testing the third hypothesis proves that transfer pricing does not affect tax avoidance. The results of this research are in line with the results of research from Utami et al. (2020), Robin et al. (2021), Hutomo et al. (2021), and Ardillah & Vanesa (2022). The result of this research is not in line with Suntari & Mulyani (2020), Fitriani et al. (2021), and Utami & Irawan (2022). Transfer pricing is an action that can be taken by companies that are aggressive towards taxes aimed at achieving company goals, efforts made by management, minimizing the tax burden, and others. Transfer pricing practices are not a factor for companies to avoid taxes payment. This is because manufacturing companies in the consumer goods sector, which are mostly domestic companies, do not have the opportunity to transfer their assets to subsidiaries in tax haven countries and there is no special relationship with related parties. Based on agency theory, transfer pricing practices are based on the assumption that self-interest

means that the parties involved have their own interests, so this result is not in accordance with agency theory.

Transfer pricing indicates a special relationship with related parties, such as subsidiary companies in tax haven countries or lower tax rates compared to tax rates in Indonesia so that companies can pay lower taxes. However, this assumption contradicts the results of this research. These results from observational data stated that the company does not practice transfer pricing because the company does not have transactions with related parties. Trade receivables from related parties owned by manufacturing companies in the consumer goods sector are relatively small, so there is no significance to the company's transfer pricing efforts. As a result, companies in this sector are more obedient to the provisions that apply in Indonesia regarding transfer pricing practices (Hutomo et al., 2021).

3.6.4 The Effect of Earnings Management on Tax Avoidance

The result of testing the fourth hypothesis proves that earnings management does not affect tax avoidance. The results of this research are in line with the results of research from Handayani & Mardiansyah (2021). The result of this research is not in line with Machdar (2019), Wardani, et al. (2019), Robin et al. (2021), Mappadang (2021), Marfiana & Putra (2021), Oktaviani et al. (2021), and Thalita et al. (2022). Earnings management is an effort made by company management to achieve a goal for the benefit of the company or management, such as minimizing the payment of taxes owed, making financial reports in good condition, and others. The management takes these actions to benefit the company, such as being able to reduce the taxes owed (Oktaviani et al., 2021).

Based on agency theory, earnings management consists of two parties who have different interests between the agent and the principal. The agent, such as the owner of the company, is trying to find out how the company can pay taxes to the state at a low rate so that it can increase profits. Meanwhile, the principal, such as the company's management, tries to see how external parties assess the company's good performance. The difference in interests between agents and principals in earnings management actions is a factor that cannot directly influence tax avoidance. Manufacturing companies in the consumer goods sector can be a factor that does not affect earnings management on tax avoidance, because manufacturing companies in the consumer goods sector support humans in everyday life. Therefore, management does not carry out earnings management practices to minimize the tax payable which later can cause a decrease in the value of the company by investors, creditors, and other stakeholders. In addition, the act of minimizing the tax payable and maximizing profits by doing tax avoidance can be a threat to the company. It can add to the company's burden when there is a tax audit and a violation is found that is not in accordance with tax provisions that could make the company spend more money to pay fines for the violation.

4. CONCLUSIONS AND SUGGESTIONS

4.1 Conclusion

Based on the results of testing the hypothesis, the test of the first hypothesis states that firm size affects positively to tax avoidance. The larger the firm size, the higher the tendency for the company's compliance or aggressive to do tax avoidance practice. The test of the second hypothesis states that thin capitalization affects positively to tax avoidance. Companies that have a greater amount of debt than the amount of capital had aggressive efforts to do tax avoidance to minimize tax payments. This is caused by the difference in the treatment of debt that caused interest expense of the debt owned by the company can reduce the tax payable. The test of the third hypothesis states that transfer pricing does not affect tax avoidance.

Manufacturing companies in the consumer goods sector are mostly domestic companies, so they do not have the opportunity to transfer their assets to subsidiaries in tax haven countries and there is no special relationship with related parties. The test of the fourth hypothesis states that earnings management does not affect tax avoidance. The management of the company performs earnings management in addition to minimizing the tax payable, it can also increase profits to improve the company's good and stable performance.

4.2 Limitations and Suggestions

This research has limitations with firm size and thin capitalization that had a positive effect on tax avoidance, while transfer pricing and earnings management did not affect tax avoidance. This research also limits the research subjects to manufacturing companies in the consumer goods subsector which are listed on the Indonesia Stock Exchange. The author suggests next researcher who wishes to conduct similar research use other independent variables that can affect tax avoidance such as financial distress as stated in Ahdiyah & Triyanto (2021) because when the company experiences financial difficulties the company needs to maintain the cash position by minimizing cash expense especially tax expense by doing tax avoidance. The next researcher can expand the research sample to be manufacturing companies in the other subsectors of manufacturing companies such as miscellaneous industry because these sub-sectors can make transactions with special parties more likely and have many export and import transactions which can lead the company to have transfer pricing activities and likely do tax aggressiveness.

5.3 Implication

The results of this research can serve as a basis for future academics or researchers for reference in further research related to the effect of firm size, thin capitalization, transfer pricing, and earnings management on tax avoidance. For practitioners, such as company management, this research is expected to increase awareness to comply with paying taxes and not to do tax avoidance. For the government, especially the Directorate General of Taxes, this research is expected to be an evaluation material and make policies regarding tax regulations to reduce the company’s tax avoidance practice.

6. REFERENCES

Adams, M. B. (1994). Agency Theory and the Internal Audit. *Managerial Auditing Journal*, Vol. 9, No. 8, 8-12.

Afriyanti, S. A. (2019). Pengaruh Karakter Eksekutif dan Dimensi Tata Kelola Perusahaan Terhadap Penghindaran Pajak (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Periode 2012-2016). *JIFA (Journal of Islamic Finance and Accounting)*, Vol. 2(1), 1– 13. doi:10.22515/jifa.v2i1.1595.

Ahdiyah, A. & Triyanto, D. N. (2021). Impact of Financial Distress, Firm Size, Fixed Asset Intensity, and Inventory Intensity on Tax Aggressiveness. *Journal of Accounting Auditing and Business*, Vol. 4, No. 2, 49-59.

Alfarizi, R. I., Sari, R. H. D. P., & Ajengtiyas, A. (2021). Pengaruh Profitabilitas, Transfer Pricing, dan Manajemen Laba terhadap Tax Avoidance. *Koferensi Riset Nasional Ekonomi, Manajemen, dan Akuntansi*, Vol. 2, 898-917.

Andawiyah, A., Subeki, A., & Hakiki, A. (2019). Pengaruh Thin Capitalization Terhadap Penghindaran Pajak Perusahaan Index Saham Syariah Indonesia. *Akuntabilitas: Jurnal Penelitian dan Pengembangan Akuntansi*, Vol. 13, No. 1, 49-68.

Ardillah, K. (2018). Pengaruh Real Manipulation dalam Memoderasi Corporate Environmental Disclosure dan Corporate Financial Performance. *Proceeding National Conference of Creative Industry: Sustainable Tourism Industry for Economic Development*, 998-1015, e-ISSN 2622-7436.

Ardillah, K., Bresliatiti, R., Setiawan, T., & Machdar, N. M. (2022). The Role of Ownership Structure in Moderating the Relationship Between Tax Avoidance, Corporate Social Responsibility Disclosure, and Company Value. *Accounting Analysis Journal*, Vol. 11 (1), 21-30.

Ardillah, K. & Halim, Y. (2022). The Effect of Institutional Ownership, Fiscal Loss Compensation, and Accounting Conservatism on Tax Avoidance. *Journal of Accounting Auditing and Business*, 5(1), 1-15.

Ardillah, K. & Vanesa, Y. (2022). Corporate Governance Structure, Political Connections, and Transfer Pricing on Tax Aggresiveness. *Sriwijaya International Journal of Dynamic Economics and Business*, Vol. 6, No. 1, 51-72.

Ardillah, K. & Vesakhadevi, S. (2021). Determinant of Earnings Management Practice in Indonesia's Consumer Good Companies. *Accounting Analysis Journal*, Vol. 10 (3), 198-205.

Azizah, N. & Mappanyuki, R. (2023). Earnings Management Factor In The Consumer Goods Industry During The Covid-19 Pandemic. *Jurnal Akuntansi*, Vol. 27, No. 3, 421-441.

Barker, J., Asare, K., & Brickman, S. (2017). Transfer Pricing As A Vehicle in Corporate Tax Avoidance. *Journal of Applied Business Research*, Vol. 33, No. 1, 9-16.

Buettner, T., Overesch, M., Schreiber, U., & Wamser, G. (2012). The Impact of Thin-Capitalization Rules on the Capital Structure of Multinational Companys. *Journal of Public Economics*, 96(11–12), 930–938. https://doi.org/10.1016/j.jpubeco.2012.06.008.

Cahyono, D. D., Andini, R., & Raharjo, K. (2016). Pengaruh Komite Audit, Kepemilikan Institusional, Dewan Komisaris, Ukuran Perusahaan (Size), Leverage (DER), dan Profitabilitas (ROA) terhadap Tindakan Penghindaran Pajak (Tax Avoidance) pada Perusahaan Perbankan yang Listing BEI Periode Tahun 2011-2013. *Jurnal Ilmiah Mahasiswa S1 Akuntansi Universitas Pandanaran*, Vol. 2, No. 2.

Dechow, P. M., Sloan, R. G., Sweeney, A. P., Sloan, R. G., & Sweeney, A. P. (1995). Detecting earnings management. *The Accounting Review*, 70(2), 193–225.

Desai, M. A., Foley, C. F., & Hines, J. R. (2006). Do Tax Havens Divert Economic Activity? *Economics Letters*, 90(2), 219–224.

Echdar, S. (2017). *Metode Penelitian Manajemen dan Bisnis Cet.1*. Bogor: Ghalia Indonesia.

Falbo, T. D. & Companyansyah, A. (2018). Thin Capitalization, Transfer Pricing, Penghindaran Pajak. *Indonesian Journal of Accounting and Governance (IJAG)* Vol. 2, No.1, 1-28.

Fidelia & Ardillah, K. (2022). Pengaruh Kepemilikan Manajerial, Konservatisme Akuntansi, dan Asimetris Informasi terhadap Manajemen Laba pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesa Periode 2017-2019. *Kalbisiana: Jurnal Mahasiswa Institut Teknologi dan Bisnis Kalbis*, Vol. 8, No. 3, 3445-3458.

Fitriani, D. N., Djaddang, S., & Suyanto. (2021). Pengaruh *Transfer Pricing*, Kepemilikan Asing, Kepemilikan Institusional Terhadap Agresivitas Pajak Dengan Corporate Social Responsibility Sebagai Variabel Moderasi. *KINERJA Jurnal Ekonomi dan Bisnis*, Vol. 3, No. 2, 282-297.

Frank, et.al., (2009). Tax Reporting Aggresiveness and Its Relation to Aggressive Financial Reporting. *Journal of Accounting Review*, Vol. 84, No. 2, 467- 496.

Ghozali, I. (2018). *Aplikasi Analisis Multivariate dengan IBM SPSS 25 Edisi 9.* Semarang: Badan Penerbit Universitas Diponegoro.

Ghozali, I. & Ratmono, D. (2017). *Aplikasi Analisis Multivariate dan Ekonometrika Teori, Konsep, dan Aplikasi dengan Eviews 10 Edisi 2.* Semarang: Badan Penerbit Universitas Diponegoro.

Goh, T. S., Nainggolan, J., & Sagala, E. (2019). Pengaruh *Corporate Social Responsibility*, Ukuran Perusahaan, Leverage, dan Profitabilitas terhadap Agresivitas Pajak Pada Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia Periode Tahun 2015-2018. *Jurnal Akuntansi dan Keuangan Methodist,* Vol. 3, No. 1, 83-96.

Goyvaerts, D., & Roggeman, A. (2020). The Impact of Thin Capitalization Rules on Subsidiary Financing: Evidence from Belgium. *Economist (Netherlands)*, 168(1), 23–51. https://doi.org/10.1007/s10645- 019-09353-x.

Gulo, M. M. & Mappadang, A. (2022). Pengaruh Beban Pajak Tangguhan, Aset Pajak Tangguhan, dan Perencanaan Pajak terhadap Manajemen Laba. *ULTIMA Accounting*, Vol. 14, No. 1, 162-175.

Handayani, H. R. & Mardiansyah, S. (2021). Pengaruh Manajemen Laba Dan *Financial Distress* Terhadap Agresivitas Pajak Pada Perusahaan Manufaktur Di Indonesia. *Scientific Journal of Reflection: Economic, Accounting, Management and Business*, 4(2), 311-320.

Healy, P. M. (1985). The Effect of Bonus Schemes On Accounting Decision. *Journal of Accounting and Economics,* Vol. 7, 85-107.

Hendriarto, P. (2021). Relevance Between Transfer Pricing and Taxpayer Compliance and Marketing Accounting Management Efficiency. *Linguistics and Culture Review*, 5(S4), 2066- 2077.

Hermuningsih, Sri. 2013. Profitability, Growth Opportunity, Capital Structure and The Firm Value. *Bulletin of Monetary, Economics and Banking*, Vol. 16, No. 2, 115-135.

Hidayat, H. & Wijaya, S. (2021). Pengaruh Manajemen Laba Dan *Transfer Pricing* Terhadap Penghindaran Pajak. *Jurnal Ilmiah Fakultas Ekonomi Universitas Katolik Parahyangan*, Vol. 25, No. 2, 1-19.

Hidayat, K. (2020). *Dirjen Pajak Angkat Bicara Soal Kerugian Rp 68,7 Triliun Dari Penghindaran Pajak*. Diakses pada https://nasional.kontan.co.id/news/dirjen-pajak-angkat-bicara-soal-kerugian-rp-687-triliun-dari-penghindaran-pajak.

Hutomo, M. A., Sari, R. H., & Nopiyanti, A. (2021). Pengaruh Transfer Pricing, Thin Capitalization, dan Tunneling Incentive Terhadap Agresivitas Pajak. *Business Management, Economic, and Accounting National Seminar*, Vol. 2, 141-157.

Ichsani, S., & Susanti, N. (2019). The Effect of Firm Value, Leverage, Profitability and Company Size on Tax Avoidance in Companies Listed on Index LQ45 Period 2012-2016. *Global Business & Management Research*, 11(1), 307–313.

Irawan, F. & Novitasari, R. (2021). The Impact of Thin Capitalization Rules as A Tool of Tax Avoidance on Tax Revenue. *International Journal of Economics, Business, and Accounting Research (IJEBAR)*, Vol. 5, Issue 4, 270-281.

Jaros, J., & Bartosova, V. (2015). To the Capital Structure Choice: Miller and Modigliani Model. *Procedia Economics and Finance*, 26(15), 351–358.

Jensen, M. & Meckling, W. (1976) Theory of the Company Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, 3, 305-360.

Kalbuana, N., Solihin, S., Yohana, Y., & Yanti, D. R. (2020). The Influence of Capital Intensity, Firm Size, and Leverage on Tax Avoidance on Companies Registered in

Jakarta Islamic Index (JII) Period 2015-2019. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 4(3), 272-278.

Kurniasih, T., & Sari, M. R. (2013). Pengaruh Return On Asset, Leverage, Corporate Governance, Ukuran Perusahaan, dan Kompensasi Rugi Fiskal terhadap Tax Avoidance. *Buletin Studi Ekonomi*, Vol. 18, No. 1, 58-66.

Kurniawan, A., Bisri, & Putra, D. B. (2021). Effect of Profitability and Working Capital on Company Value on Food and Beverage Companies on The Indonesia Stock Exchange in 2015-2019. *Journal of Industrial Engineering & Management Research*, Vol. 2, No. 2, 64-72.

Lee, B. B., Dobiyanski, A., & Minton, S. (2015). Theories and Empirical Proxies for Corporate Tax Avoidance. *Journal of Applied Business & Economics,* Vol. 17(3), 21-34.

Leksono, A. W., Albertus, S. S., & Vhalery, R. (2019). Pengaruh Ukuran Perusahaan Dan Profitabilitas Terhadap Agresivitas Pajak Pada Perusahaan Manufaktur Yang Listing Di Bei Periode Tahun 2013–2017. *Journal of Applied Business and* Economic, Vol. 5, No. 4, 301-314.

Lestari, D. M., Hasanah, & Surachman. (2020). Beban Pajak, Profitabilitas, dan Pengaruhnya terhadap Praktik Transfer Pricing. *Jurnal Riset Keuangan dan Akuntansi*, Vol. 7, No. 1, 23-28.

Machdar, N. M. (2019). Agresivitas Pajak dari Sudut Pandang Manajemen Laba. *Jurnal Riset Manajemen dan Bisnis (JRMB)*, Vol. 4 (1). https://doi.org/10.36226/jrmb.v4i1.257.

Mahardika, R. & Irawan, F. (2022). The Impact of Thin Capitalization Rules on Tax Avoidance in Indonesia. *Jurnal Pajak Indonesia*, Vol. 6, No. 25, 651-662.

Manik, G. S. & Fitriana, V. E. (2023). Transfer Pricing and Thin Capitalization's Impact Toward Tax Avoidance: Corporate Governance Moderation. *International Student's Conference on Accounting & Business*.

Mappadang, A. (2021). Determinan Agresivitas Pajak Pada Perusahaan: Kajian Pada Leverage, Likuiditas, Komisaris Independen Dan Manajemen Laba. *Profita: Komunikasi Ilmiah Akuntansi dan* Perpajakan, Vol. 14, No. 1, 1-13.

Marfiana, A. & Putra, Y. P. M. (2021). The Effect of Employee Benefit Liabilities, Sales Growth, Capital Intensity, and Earning Management on Tax Avoidance. *Jurnal Manajemen STIE Muhammadiyah Palopo*, Vol. 7, No 1, 16-30.

Minanari & Rahayu, A. (2019). The Effect of Profit Management, Good Corporate Governance Mechanism, and Investment Decisions On Firm Value. *4th International Conference on Management, Economics and Business (ICMEB 2019)*, 258–263.

OECD. (2012). *Dealing Effectively with the Challenges of Transfer Pricing*. Paris: OECD Publishing.

Oktamawati, M. (2017). Pengaruh Karakter Eksekutif, Komite Audit, Ukuran Perusahaan, Leverage, Pertumbuhan Penjualan, dan Profitabilitas terhadap Tax Avoidance, *Jurnal Akuntansi Bisnis*, Vol. 15(1), 23-40.

Oktaviani, R. M., Pratiwi, Y. E., Sunarto, S., & Jannah, A. (2021). Apakah Leverage Dan Manajemen Laba Mempengaruhi Agresivitas Pajak? *Proceeding SENDIU,* 349-355.

Paramita, A. S., Ardiansah, M. N., Delyuzar, R. A., & Dzulfikar, A. (2022). The Analysis of Leverage, Return on Assets, and Firm Size on Tax Avoidance. *Accounting Analysis Journal*, Vol. 11(3), 186-195.

Pohan, C. A. (2016). *Manajemen Perpajakan Strategi Perpajakan dan Bisnis Edisi Revisi*. Jakarta: PT. Gramedia Pustaka Utama.

Pohan, C. A. (2018). *Pedoman Lengkap Pajak Internasional*. Jakarta: PT Gramedia Pustaka Utama.

Prasetyorini, B. F. (2013). Pengaruh Ukuran Perusahaan, Leverage, Price Earning Ratio, dan Profitabilitas terhadap Nilai Perusahaan. *Jurnal Ilmu Manajemen*, Vol. 1, No. 1, 183-196.

Prihadi, T. 2019. *Analisis Laporan Keuangan Konsep dan Aplikasi*. Jakarta: PT Gramedia Pustaka Utama.

Priyatno, D. (2022). *Olah Data Sendiri Analisis Regresi Linear Dengan SPSS dan Analisis Regresi Data Panel Dengan Eviews*. Yogyakarta: Cahaya Harapan.

Rahayu, N. (2011). Praktik Penghindaran Pajak oleh Foreign Direct Investment Berbentuk Perseroan Terbatas Penanaman Modal Asing. *Jurnal Ilmu Administrasi Negara*, 10(2), 171–180.

Richardson, G., Taylor, G., & Lanis, R. (2013). Determinants of Transfer Pricing Aggresiveness: Empirical Evidence from Australian Firms. *Journal of Contemporary Accounting & Economics*, Vol. 9, Issue 2, 136-150.

Rini, I. G. A. I. S., Dipa, M., & Yudha, C. K. (2022). Effects of Transfer Pricing, Tax Haven, and Thin Capitalization on Tax Avoidance. *Jurnal Ekonomi dan Bisnis Jagaditha*, Vol. 9, No. 2, 193-198.

Rizka, N. R. & Rahayu, R. M. (2023). Does Firm Size Moderating Influence of Sales Growth on Tax Avoidance. *Jurnal Akuntansi*, Vol. 10, No. 2, 310-322.

Robin, R., Toni, N. & Simorangkir, E. N. (2021). The Influence of Transfer Pricing, Corporate Governance, CSR, and Earnings Management on Tax Aggressiveness. *Journal of Industrial Engineering & Management Research*, Vol. 2 (5), 234-244.

Scott, R. W. (2015). *Financial Accounting Theory* 7th. Toronto: Pearson.

Sonia, S. & Suparmun, H. (2019). Factors Influencing Tax Avoidance. *5th Annual International Conference on Accounting Research (AICAR 2018)*, 238–243.

Sueb, M. (2020). Transaksi Afiliasi dan Capital Intensity Mempengaruhi Emiten dalam Menghindari Pajak. *ULTIMA Accounting*, Vol. 12, No. 1, 116-133.

Sulistyanto, S. (2008). *Manajemen Laba: Teori dan Empiris*. Jakarta: Grasindo.

Suntari, M. & Mulyani, S. D. (2020). Pengaruh Transfer Pricing dan Thin Capitalization terhadap Tax Aggressiveness Dimoderasi Oleh Ukuran Perusahaan. *Prosiding Seminar Nasional Pakar*, 271-278.

Surahman, A. & Companyansyah, A. (2017). Pengaruh Manajemen Laba Melalui Penyimpangan Akuntansi, Aktivitas Laba Riil dan Akrual terhadap Agresivitas Pajak. *Fundamental Management Journal*, Vol. 2 (2), 10-28.

Taylor, G., & Richardson, G. (2012). International Corporate Tax Avoidance Practices: Evidence from Australian Firms. *International Journal of Accounting*, Vol. 47(4), 469–496.

Thalita, A. A., Hariadi, B., & Rusydi, M. K. (2022). The Effect of Earnings Management on Tax Avoidance with Political Connections as a Moderating Variable. *Business & Social Science*, Vol. 11, No. 5, 344-353.

Tifanny, D. & Wijaya, H. (2020). The Effect of Corporate Governance On Earnings Management. *Jurnal Manajemen Bisnis*, 23(1), 72–85.

Trisnawati, F. D. & Ardillah, K. (2023). Pengaruh Thin Capitalization, Transfer Pricing, dan Manajemen Laba terhadap Agresivitas Pajak. *Kalbisiana: Jurnal Mahasiswa Institut Teknologi dan Bisnis Kalbis*, Vol. 9, No. 4, 585-596.

Turner, G. (2017). Shifting Profits and Dodging Taxes Using Debt. *Tax Justice Network Briefing*. *https://www.taxjustice.net/wpcontent/uploads/2017/11/Dodging-taxes-with-debt-TJN-Briefing.pdf*

Utami, M. F. & Irawan, F. (2022). Pengaruh *Thin Capitalization* dan *Transfer Pricing Aggressiveness* terhadap Penghindaran Pajak dengan *Financial Constraints* sebagai Variabel Moderasi. *Owner: Riset & Jurnal Akuntansi,* 386-399.

Utami, R. D., Cahyaningsih, & Kunia. (2020). Pengaruh *Transfer Pricing*, *Thin Capitalization*, dan *Tax Haven Utilization* Terhadap Agresivitas Pajak. *e-Proceeding of Management*, Vol.7, No.2, 5988-5995.

Walker, M. (2013). How Far Can We Trust Earnings Numbers? What Research Tells Us About Earnings Management? *Accounting and Business Research*, Vol. 43(4), 445–481.

Wardani, D. K., Dewanti, W. I. & Permatasari, N. I. (2019). Pengaruh Manajemen Laba, Umur Perusahaan, dan Leverage Terhadap Penghindaran Pajak. *Jurnal Akuntansi AKUISISI*, Vol. 15 (2), 18-25.

Wardani, D. K. & Puspitasari, D. M. (2022). Ukuran Perusahaan terhadap Penghindaran Pajak dengan Umur Perusahaan sebagai Variabel Moderasi. *KINERJA: Jurnal Ekonomi dan Manajemen*, Vol. 19, Issue 1, 89-94.

Waruwu, F. Z. & Kartikaningdyah, E. (2019). The Effect of Firm Size, ROA, and Executive Character on Tax Avoidance. *Advances in Social Science, Education, and Humanities Research*, Volume 377.

Winarto & Daito, A. (2021). Can Thin Capitalization and Transfer Pricing Activities Reduce The Tax Burden? *Dinasti International Journal of Economics, Finance, and Accounting*, Vol. 2, No. 1, 112-121.

Yahaya, K. A., & Yusuf, K. (2020). Impact of Company Characteristics on Aggressive Tax Avoidance in Nigerian Listed Insurance Companies. *Jurnal Administrasi Bisnis*, 9(2), 101–111.