ABSTRACT

Tax avoidance is an act to minimize the tax expense that is done legally by utilizing imperfections or loopholes contained in the tax legislation.

This research aimed to determine the influence simultaneously and partially of accounting conservatism, thin capitalization, return on assets, and firm size on tax avoidance based on trading companies listed in Indonesian Stock Exchange (ISX) period 2014-2015.

Accounting conservatism is measured using CON_ACC indicator, thin capitalization is measured using MAD ratio indicator which is continued using dummy variable, then return on assets is measured by dividing profit after tax by total asset, and company size is measured using natural log of total assets.

Population in this research is all of the trading companies listed in ISX period 2014-2015. 21 companies used as samples with two years period. Sampling technique that used is purposive sampling. Regression panel data as analysis method using Eviews software version 9.

The result in this research show that Accounting conservatism, thin capitalization, return on assets and firm size have a significant effect on tax avoidance, simultaneously. And Accounting conservatism and return on assets have a significant negative effect on tax avoidance while thin capitalization and firm size have no significant effect on tax avoidance partially.

***Keywords**: Tax Avoidance, Accounting Conservatism, Thin Capitalization, Return on Assets, Firm Size*