ABSTRACT

Tax is a source of funds that contributes greatly to state revenues and works as a source of funds to finance both routine and development. The government has an interest in continuing to increase tax revenue, however, the government's interest is in the interest of companies that want to earn the highest possible profit. The existence of these differences in interests has led to efforts to minimize taxes imposed on companies or also known as tax avoidance.

The purpose of this study was to determine the effect of the variables of profitability, earnings management, and leverage on tax avoidance in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in 2015 - 2020 either simultaneously or partially.

The population in this study are food and beverage sub-sector companies listed on the Indonesia Stock Exchange. The sample selection technique used was purposive sampling and obtained 10 companies with a research period of 2015 - 2020 so that the number of samples was 60 samples but there were 5 outlier data so that the sample used was 55 samples. The analytical method used in this research is descriptive statistical analysis and panel data regression analysis using Eviews 10.

The results show that profitability, earnings management, and leverage have a simultaneous effect on tax avoidance. Partially, profitability has a positive effect on tax avoidance, while earnings management and leverage have no effect on tax avoidance. Companies that are used as research samples should pay more attention to indications of tax avoidance because there are indications of tax avoidance that damage the company's reputation. The government should increase supervision over tax collection and tighten tax regulations in order to eliminate tax evasion by companies.

Keyword : *Earning Management, Leverage, Profitability, and Tax Avoidance*