ABSTRACT

Tax avoidance is an attempt by a company to minimize the tax burden owed by methods and techniques that aim to take advantage of the weaknesses that exist in the regulations and tax laws themselves. This tax avoidance practice is legal to do and does not violate the law but, from an ethical perspective it is very unethical to do because it can reduce the amount of income that should be received by the state which aims for the prosperity of the people and national development so that it cannot be implemented optimally.

This study is a quantitative study that aims to determine the effect of profitability, firm size, and leverage on tax avoidance in consumer goods industrial sector companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2020 period either simultaneously or partially.

The population in this study are manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange. The sample selection technique used was non-probability and obtained 16 companies with the 2017-2020 research period so that a total sample of 64 samples was obtained. The analytical method used in this research is descriptive statistical analysis and panel data regression analysis using Eviews 12.

The results of this study indicate that profitability, firm size, and leverage simultaneously affect tax avoidance. Partially, profitability has a negative effect on tax avoidance, while firm size has a positive effect on tax avoidance and leverage has no effect on tax avoidance.

Companies that are sampled in this study should concern to signs of tax avoidance because tax avoidance practices have a risk of damaging the company's reputation. The government must be able to strengthen supervision of tax collection and strengthen the applicable tax system or regulation.

Keywords: *Profitability, Firm Size, Leverage, Tax Avoidance*