ABSTRACT

Taxes are the largest state revenue of a coercive nature, where taxpayers are legally required to make a certain amount of contribution, and do not obtain reciprocity directly. For companies, tax is an element of profit reduction where it can be a factor that can harm the company. Such differences in interests can lead to conflicts such as non-compliance of taxpayers who will minimize taxes. This effort can be done by conducting a tax avoidance scheme, one of the tax avoidance efforts that is often done legally and safely, namely with tax avoidance. Tax avoidance is a tax avoidance action taken by taxpayers to reduce the amount of tax owed legally by taking advantage of weaknesses (gray areas) in applicable tax laws and regulations. In this study, researchers used the Effective Taxes Rate (ETR) model to measure tax avoidance. The purpose of this study is to analyze the effect of transfer pricing, executive character, and political connections on tax avoidance simultaneously and partially on manufacturing sector companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020.

The population in this study is manufacturing sector companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020. The sampling technique used is purposive sampling. The sample obtained was 89 companies, so that the number of observations in this study for 3 (three) years, namely 267 observation data. The data analysis method in this study was analyzed using descriptive statistics and panel data regression with the help of EViews 10 software. The results of this study show that simultaneously transfer pricing, executive character, and political connections affect tax avoidance. Partially transfer pricing and executive character have an effect on tax avoidance, while political connections has no effect on tax avoidance.

***Keywords**: Transfer Pricing, Executive Character, Political Connections, Tax Avoidance*