

ABSTRACT

Tax avoidance is an attempt to avoid taxes in a legal and safely without conflicting with tax regulations, tax avoidance is carried out through methods and techniques that lead to the use of weaknesses (grey areas) contained in tax laws and regulations to minimize the amount taxes owed. Indonesia uses a self-assessment tax collection system that allows taxpayers to calculate and determine the amount of their own tax burden, this provides an opportunity for taxpayers to reduce their taxes.

This study aims to determine the effect of transfer pricing, capital intensity, and political connections on tax avoidance in mining sector companies listed on the Indonesia Stock Exchange in 2017-2021 both simultaneously and partially.

The population used in this study are mining sector companies listed on the Indonesia Stock Exchange for 2017-2021, the sampling technique used is non-probability sampling with a sampling technique that is purposive sampling so that a total sample of 50 data samples is obtained, consisting of 10 companies in a 5 year period. The analytical method used is panel data regression analysis using Eviews 10 software.

The results show that transfer pricing, capital intensity, and political connections simultaneously influence tax avoidance in the mining sector listed on the Indonesia Stock Exchange in 2017-2021. While partially capital intensity has a negative effect on tax avoidance, but transfer pricing and political connections have no effect on tax avoidance in the mining sector listed on the Indonesia Stock Exchange in 2017-2021.

This research is expected to be able to provide input to the government, especially the DJP in drafting regulations related to taxation in order to prevent taxpayers from committing tax avoidance, as well as being advised to be more careful in setting tax avoidance audit indicators. For companies in the mining sector, this research is expected to be a consideration for decisions not to carry out tax avoidance, and it is suggested that they maintain the efficiency of their fixed assets so that they can assist in obtaining profits so that they are able to pay off their tax obligations without the need to carry out tax avoidance. Meanwhile, investors are expected to be considered in making investment decisions in order to choose companies that do not carry out tax avoidance, namely companies that have high fixed assets because they are able to help companies to earn profits so that companies are able to pay off their tax obligations.

Keywords: Capital Intensity, Political Connections, Tax Avoidance, Transfer Pricing