ABSTRACT

Tax avoidance is a practice carried out to reduce the tax burden by exploiting loopholes in tax regulations. Although considered legal, such practices negatively impact tax compliance and lead to a loss of potential state revenue. In addition, tax avoidance may harm a company's reputation.

This study aims to examine the effect of transfer pricing, leverage, and profitability on tax avoidance in coal sub-sector mining companies listed on the Indonesia Stock Exchange (IDX) during the period 2019–2024. The research employs a quantitative approach using secondary data. The population includes 34 coal sub-sector mining companies, with a purposive sampling method used to obtain 11 sample companies over six years, resulting in 66 observation data points. Panel data regression analysis was used with EViews 12 as the statistical tool.

The findings reveal that transfer pricing, leverage, and profitability have a simultaneous effect on tax avoidance. Partially, transfer pricing has no significant effect on tax avoidance, while leverage has a negative effect, and profitability has a positive effect on tax avoidance. This research is expected to enrich the literature in taxation, particularly related to tax avoidance practices in coal sub-sector mining companies listed on the IDX. Practically, the findings can benefit tax authorities in formulating policies, help companies understand strategic and reputational risks, and provide investors with insights into tax-related risks in investment decisions.

Keywords: *tax avoidance, transfer pricing, leverage, profitability*