

ABSTRACT

Tax aggressiveness is a corporate strategy to minimize tax burdens, whether through legal or illegal means, which may reduce the potential for state revenue. This phenomenon has become a growing concern, as taxation serves as a major source of national income. The inconsistency between the increasing number of companies in the consumer goods sector and the declining contribution of the sector to the Gross Domestic Product (GDP) raises suspicions of tax avoidance practices in this industry. Additionally, tax avoidance cases, such as that involving PT Japfa Comfeed Tbk, indicate the possible use of transfer pricing and the influence of foreign ownership and profitability on tax aggressiveness. Therefore, this study focuses on companies in the consumer goods sector listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period, a sector that is relatively stable but vulnerable to tax avoidance strategies.

This study aims to examine the effect of transfer pricing, foreign ownership, and profitability on tax aggressiveness, both partially and simultaneously. The focus on the consumer goods sector and the use of the Cash Effective Tax Rate (CETR) as a proxy for tax aggressiveness make this research relevant and valuable to the limited existing literature.

This research adopts a quantitative approach using panel data regression analysis. The data were obtained from the annual financial reports of companies in the consumer goods sector listed on the IDX. Transfer pricing is proxied by related party transactions, foreign ownership is measured using the foreign ownership ratio, and profitability is represented by return on assets (ROA).

The results show that, partially, only profitability has a significant effect on tax aggressiveness, while transfer pricing and foreign ownership have no significant effect. However, simultaneously, all three variables have a significant influence on tax aggressiveness.

This study contributes to expanding the understanding of the determinants of tax aggressiveness in the consumer goods sector, which remains underexplored in previous research. The findings are expected to serve as a reference for the Directorate General of Taxes (DGT), the government, and businesses in formulating more effective tax compliance and monitoring policies.

Keywords: *Tax aggressiveness, cash effective tax rate, transfer pricing, foreign ownership, profitability*