

ABSTRACT

Tax avoidance is an effort by taxpayers to avoid taxes by exploiting loopholes (grey areas) in prevailing tax laws and regulations in order to reduce the amount of tax payable. Tax avoidance can occur due to the presence of tax regulations that still contain gaps.

This study aims to analyze the effect of thin capitalization, transfer pricing, and leverage on tax avoidance in manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 period. The method used in this study is a quantitative approach with panel data regression analysis, utilizing EViews version 13. The population in this study consists of 209 companies, with a purposive sampling technique resulting in 30 research samples over four years, thus the total number of observations in this study is 120.

The results of this study indicate that transfer pricing has a positive partial effect on tax avoidance. Meanwhile, thin capitalization and leverage do not have a partial effect on tax avoidance. However, simultaneously, thin capitalization, transfer pricing, and leverage have a significant effect on tax avoidance.

Based on the results of this study, it is expected to provide benefits for the Directorate General of Taxes, manufacturing companies, and investors by offering insights into the factors that influence tax avoidance. This research is also expected to help companies comply with tax regulations, provide considerations for investors intending to invest in manufacturing companies, and serve as a supporting tool for monitoring companies with a high indication of tax avoidance.

Keywords: *tax avoidance, thin capitalization, transfer pricing, leverage, Indonesia Stock Exchange.*