

ABSTRACT

Tax avoidance continues to be a critical issue in corporate governance, particularly in the mining sector, which is known for its high exposure to tax risk due to cross-border transactions and complex ownership structures. The increasing concern of regulators regarding the sustainability of state revenue highlights the urgency to investigate corporate strategies that aim to reduce tax obligations, especially in sectors with strategic natural resources.

This study aims to empirically examine the effect of transfer pricing, earnings management, and foreign ownership on tax avoidance, while also assessing the moderating role of the tax burden index. The core research questions explore how these strategic financial practices contribute to legally minimizing corporate taxes and whether the relative tax burden amplifies or mitigates these effects.

The research employs a quantitative approach with panel data regression analysis. The population consists of 11 mining companies listed on the Indonesia Stock Exchange during the 2019-2023 period, selected using a purposive sampling technique, yielding 55 firm-year observations. The dependent variable, tax avoidance, is proxied by the Cash Effective Tax Rate (CETR). The analysis uses the Common Effect Model (CEM), and the centering technique is applied to the moderating variable to reduce the risk of multicollinearity in interaction terms.

The results of this study indicate that transfer pricing, earnings management, and foreign ownership simultaneously influence tax avoidance. However, only earnings management has a significant effect. Meanwhile, the tax burden index significantly influences tax avoidance, indicating that companies with relatively higher tax burdens tend to engage in tax avoidance strategies. However, the tax burden index was not proven to act as a moderating variable in the relationship between transfer pricing and tax avoidance.

This study provides practical contributions for tax avoidance in identifying risk indicators of tax avoidance and reinforcing supervisory policies, particularly in the mining sector. Further policy development should focus on strengthening monitoring frameworks to address the sector's susceptibility to tax planning practices.

Keywords: Transfer Pricing, Earnings Management, Foreign Ownership, Tax Avoidance, Tax Burden Index