

ABSTRACT

This study aims to examine the effect of profitability and capital intensity on tax avoidance, with leverage as a control variable. The research object is primary consumer goods companies listed on the Indonesia Stock Exchange (IDX) for the 2022–2024 period.

The purposive sampling method was used, resulting in 122 final observations from 47 companies. Tax avoidance is measured using the Cash Effective Tax Rate (CETR), profitability using Return on Assets (ROA), capital intensity using the Capital Intensity Ratio (CIR), and leverage using the Debt to Equity Ratio (DER). Data were analyzed using panel data regression with the Fixed Effect Model (FEM) via EViews 13.

The results indicate that profitability has a significant positive effect on tax avoidance (a negative effect on CETR), as highly profitable companies tend to be more aggressive in tax planning. Meanwhile, capital intensity and leverage have no significant effect on tax avoidance, indicating that fixed asset investments in this sector are purely for operational needs, not for tax manipulation. In conclusion, tax avoidance behavior in the primary consumer goods sector is primarily driven by profit levels rather than capital structure or asset investments.

Keywords: Tax Avoidance, Profitability, Capital Intensity, Leverage

