

ABSTRACT

This study aims to analyze the effect of Profitability, Leverage, and Inventory Intensity on Tax Avoidance practices in manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2021–2024 period. The level of Tax Avoidance in this study is measured using the Effective Tax Rate (ETR) proxy, with Firm Size used as a control variable.

This study uses a quantitative approach with secondary data. The research sample was determined using the purposive sampling method, which resulted in 660 final observation data. Data analysis was performed using multiple linear regression analysis with the assistance of SPSS software.

The results indicate that Profitability has a positive and significant effect on Tax Avoidance aggressiveness. Meanwhile, Leverage and Inventory Intensity do not have a significant effect on Tax Avoidance practices. The test on the control variable confirms that Firm Size has a positive and significant effect on the level of Tax Avoidance. This study contributes to the tax accounting literature and provides practical implications for tax authorities (Directorate General of Taxes) to prioritize the allocation of supervision and tax audit resources on companies with high Profitabilitas levels in order to minimize the potential loss of state tax revenues.

Keywords: Tax Avoidance, Effective Tax Rate, Profitability, Leverage, Inventory Intensity, Firm Size.

