

ABSTRACT

This study aims to examine the effects of political connections and Investment Opportunity Sets (IOS) on tax avoidance, with Environmental, Social, and Governance (ESG) disclosure as a moderating variable in manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. This study employs tax avoidance as the dependent variable, measured using Abnormal Permanent Differences (DTAX), political connections and IOS as independent variables, and ESG disclosure as the moderating variable. The study also includes control variables consisting of firm size, leverage, and profitability.

This study uses secondary data obtained from Bloomberg and the annual reports of manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. Using the purposive sampling method, a total of 156 observations were obtained. To examine the relationships among the variables, panel data regression analysis using the Fixed Effects Model (FEM) was employed.

The results indicate that political connections have a positive effect on tax avoidance, while IOS has a negative effect on tax avoidance. Furthermore, ESG disclosure is found to be unable to moderate the effects of either political connections or IOS on tax avoidance.

Keywords: *Tax Avoidance, Political Connections, Investment Opportunity Sets, ESG disclosure, Abnormal Permanent Differences*