# *ABSTRACT*

Brigita Michelle / 32150066 / 2019 */ Effect of Profitability, Leverage, and Sales Growth on CETR in Manufacturing Companies Listed on Indonesia Stock Exchange in the Period of* 2015-2017 / *Advisor*: Prima Apriwenni, S.E., Ak., M.M., M.Ak.

*One of the biggest contributions to state revenue is through taxes. Therefore the state is trying its best to optimize tax revenue. There are differences in perceptions and interests between the state and the taxpayer itself. For the state, taxes are the largest source of income to finance state and development spending, the state wants to receive tax as optimal as possible from taxpayers. As for companies, taxes are an expense that must be paid and can reduce profits. These different perceptions and interests will encourage companies to take tax avoidance actions. Tax avoidance is a way to reduce the tax burden but is still within the limits of statutory provisions by exploiting weaknesses in the law and can be justified through tax planning. This tax avoidance action can be influenced by various factors, some of which are profitability, leverage, and sales growth.*

*The theory in this study uses agency theory and Pecking Order Theory, and signalling theory Agency theory implies the existence of relationships between agents and principals who have different interests. Pecking Order Theory explains that a company determines the most preferred source hierarchy of funds. Signalling theory express about how a company should signal users of financial statement. Profitability is the ability of a company to generate profits in a certain period. Leverage provides a measure of the funds provided by the owner compared to the finances provided by the third parties. Sales Growth is an indicator of demand and competitiveness of companies in an industry. There are three hypotheses in this study, namely profitability has a positive effect on CETR, Leverage has a positive effect on CETR, sales growth has a positive effect on CETR.*

*The object of this research is* 56 *Manufactured companies listed on Indonesia Stock Exchange in* 2015-2017. *Sampling technique used is Non-Probability Sampling technique, using purposive sampling method. Analytical methods used are pooling test, descriptive straticistic test, classical assumption test, multiple linear regression analysis, and testing hypothesis*.

*The result of this research shows the profitability variable, the value of sig. t of* 0.000 *and its beta coefficient is negative which means accept Ha. Then for the leverage variable with the sig*. *t* *of* 0.404 *and its beta coefficient is negative which means reject Ha. Next to the sales gowth variable sig. t value of* 0.269 *and its beta coefficient is negative which means reject Ha*.

*The conclusion of this research indicates that profitability (ROA) has a negative effect on CETR. Leverage has no effect on CETR. While sales gwoth has no effect on CETR.*

*Keyword : Tax avoidance, Profitability, Leverage, Sales growth*.