**ABSTRACT**

Maria Christine / 36150295 / 2019 / The Influence of Company Size, Profitability, and Leverage to Tax Avoidance on Manufacturing Companies listed in Indonesia Stock Exchange in 2015-2018/ Dra.Yustina Triyani, M.M.,M.AK.

Tax is the biggest source of income for a country. Efforts in optimizing state’s revenue are certainly facing obstacles. Corporates and businesses, as the subjects of tax, are the main contributors to the tax revenues. In companies’ perspectives, paying tax might be a burden reducing their overall profit. On the other hand, tax revenue is the largest source of income used to fund the government spending. This conflict of interest leads the company to manage its tax burden, both legally and illegally.

Tax avoidance is a tax saving measure carried out by taxpayers legally without violating any tax regulations. The common practices are to find weaknesses in the tax regulations aiming for smaller amount of tax owed. Tax avoidance can be influenced by many factors such as company size, profitability, leverage and etc. In this study, the specified hypothesis is that company size, profitability and *leverage* has positive effect on tax avoidance.

This research uses observational method on a secondary data which is obtained from audited financial statements of manufacturing companies listed in the Indonesia Stock Exchange in 2015-2018. This study uses three independent variables model which are expected to influence tax avoidance. Meanwhile, the tax avoidance as a dependent variable, current effective tax rates are used as a proxy to the dependent variable. Based on purposive sampling, the obtained data sample was 16 companies which are equivalent to 64 observations. The analysis techniques include descriptive test, pooling test, classic assumption test, multiple linear regression analysis with determination coefficient test, F test and t test.

The results show that this study passes the classic assumption test and data pooling test. Based on the F test, the sig value is 0.046. Meanwhile, the results of the t test show that: (1) company size variable sig value is 0.038 (< 0.05) and the coefficient value is 0.008; (2) Profitability variable sig value is 0.025 (< 0.05) and the coefficient value is 0.172; (3) Leverage variable sig value is 181 (> 0.05, not statistically significant). Lastly, the determination coefficient value, $(R^{2})$, is 0.079 or 7,9%.

The conclusion of this research There is not enough evidence that variable company size, profitability and leverage variable have a positive effect on tax avoidance.

Keywords: Company Size, Profitability, Leverage, Current Effective Tax Rates.