***ABSTRACT***

*Natasha Vania Anggana / 37150298 / 2019 / The Effect of Corporate Governance on Tax Avoidance with Profitability as a Moderating Variable in Manufacturing Companies Listed in Indonesia Stock Exchange in the Period of 2015-2017/ Mulyani, S.E., M.Si.*

*Tax avoidance is a tax plan carried out by taxpayers who are still in accordance with tax provisions to minimize the amount of tax paid. Tax avoidance happened because companies try to pay taxes as low as possible because they can reduce company profits, while the government wants taxes as high as possible to finance government activities in improving people's welfare.*

*Based on compliance theory, there are two perspectives, namely instrumental perspective and normative perspective. In terms of delivering financial statements, instrumental perspectives describe the public response to the company itself. Whereas according to the normative perspective, a person tends to comply with the provisions because they are considered as a necessity and authority. Based on the agency theory, the government (principal) assigns the company (agent) to pay taxes in accordance with tax provisions.*

*This research uses observation techniques on secondary data obtained from audited financial statements of manufacturing companies listed on the Indonesia Stock Exchange in 2015-2017. The variables used in this study are institutional ownership, the proportion of independent commissioners, audit committees, and audit quality as independent variables, profitability as a moderating variable, and tax avoidance which is proxied by Current Effective Tax Rates as the dependent variable. Based on the purposive sampling method, the samples obtained were 13 companies to obtain 39 observational data. The analysis technique used is multiple regression analysis with data pooling test, classic assumption test, F test, and t test.*

*The results showed that this study had passed the classic assumption test and data pooling test. Based on the F test, the sig value is 0.000. From the results of the t test obtained; institutional ownership variables with sig values 0.000 <0.05, variable proportion of independent commissioners with sig 0.052> 0.05, audit committee variables with sig values 0.023 <0.05, audit quality variables with sig 0.0215 <0.05 and interaction variables institutional ownership and profitability with sig values 0.020 <0.05. The coefficient of determination (R2) is 0.441 or 44.1%.*

*The conclusion of this study shows that institutional ownership, audit committee, and audit quality variables negatively affect tax avoidance. The variable proportion of independent commissioners does not affect tax avoidance. Profitability moderates the effect of institutional ownership on tax avoidance.*

***Keywords:*** *institutional ownership, proportion of independent commissioners, audit committee, audit quality, profitability, Current Effective Tax Rates*