# ABSTRACT

*Ng Stephanus Andreas / 33150458 / Analysis of the Effect of Leverage, Company Size, and Profitability on Tax Avoidance on Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX) for the Period 2015-2017 / Mulyani, SE.,M.Si.*

*Tax is one of the most important sources of state income besides natural resource income and other non-tax revenues. This is a natural thing, because the current government cannot rely solely on revenues from Natural Resources where the amount is always volatile and tends to stagnate from year to year. This is inversely proportional to state revenues through taxes which always increase every year. For companies, taxes are a burden that reduces the company's net profit, but for the government, taxes are state revenues used for people's welfare and public infrastructure development. With the existence of these different points of view, the company made a tax planning effort to avoid taxes legally. Tax avoidance actions can be influenced by various factors, including leverage, company size, and profitability.*

*Tax avoidance is an effort to relieve the tax burden legally by utilizing existing tax loopholes, so that they do not violate the regulations. Another definition of tax avoidance is the tax rate that occurs and is calculated by comparing the tax burden with the company's accounting profit. Effective tax rates indicate the effectiveness of a company's tax management (Meilinda, 2013). From this definition, Tax Avoidance aims to determine the number of percentage changes in paying the actual tax on commercial profits obtained.*

*The sample in this study is a manufacturing company listed on the Indonesia Stock Exchange in 2015-2017. The sampling technique used is nonprobability sampling with purposive sampling method. Data analysis techniques and hypothesis testing used are descriptive statistical test, pooling test, classic assumption test, multiple linear regression test, F test, and t test using IBM SPSS version 20.*

*After a pooling test, it can be concluded that the data to be tested can be tested simultaneously. The research data also passed all classical assumption tests. The results of the F test of 0.001 indicate that the independent variables together influence the dependent variable. The results of the t test on profitability with a value of -0.0045 indicate that profitability has a negative effect on tax avoidance, while the results of t test on leverage and firm size with values ​​of 0.3635 and 0.078 respectively indicate that these two variables have no influence on tax avoidance.*

*The conclusion of this study shows that profitability has a negative effect on tax avoidance, while leverage and firm size do not affect tax avoidance in manufacturing companies listed on the Indonesia stock exchange for the period 2015-2017.*

***Keywords :*** *Tax Avoidance, Leverage, Size, Profitability.*