ABSTRACT

Tax Avoidance is a strategy often employed by companies to legally reduce their tax burden. This study aims to analyze the influence of Transfer Pricing, Leverage, and Capital Intensity on Tax Avoidance among manufacturing sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2021–2023.

This research employs a quantitative approach using panel data regression analysis. The research sample consists of 33 manufacturing companies that met the selection criteria over a three-year observation period, resulting in a total of 99 observation data points. The Random Effect Model (REM) was selected as the best model after conducting Chow, Hausman, and Lagrange Multiplier tests.

The results indicate that, simultaneously, Transfer Pricing, Leverage, and Capital Intensity have a significant overall effect on Tax Avoidance. However, partially, only Capital Intensity has a positive and significant influence on Tax Avoidance, while Transfer Pricing and Leverage do not show a significant relationship. This suggests that companies are more likely to utilize investment levels in fixed assets as a tool to optimize tax burden reduction through depreciation mechanisms.

These findings imply that companies can use fixed asset structures to conduct legal tax planning, while tax authorities need to enhance supervision, particularly for companies with high Capital Intensity. Additionally, this research contributes to academia as a reference for further studies on the determinants of Tax Avoidance.

Keywords: *Tax Avoidance, Transfer Pricing, Leverage, Capital Intensity, Manufacturing Company, Indonesia Stock Exchange.*