ABSTRACT

This study aims to investigate the effect of financial distress and company characteristics consisting of company size, leverage, capital intensity, growth opportunity and temporary differences in tax avoidance proxied with ETR.

The population in this study consists of all manufacturing companies listed on the Indonesia Stock Exchange for the 2018-2021 period. Samples were taken using a purposive sampling method, the total research sample was 266 data from 70 manufacture companies. Hypothesis testing is performed using multiple regression analysis with IBM SPSS 26 as a tool.

The results of this study show that financial distress and leverage have a positive effect on tax avoidance, company size and temporary differences negatively affect tax avoidance. Meanwhile, capital intensity and market-to-book ratio do not have a significant effect on tax avoidance.

Keywords: Financial Distress, Company Size, Leverage, Capital Intensity, Market-to-book Ratio, Temporary Difference, Tax Avoidance, Effective Tax Rate