ABSTRACT

This study aims to examine the effect of tax avoidance on the cost of debt with institutional ownership as a moderating variable. The dependent variable in this study is the cost of debt, while the independent variable is tax avoidance as measured by the Effective Tax Rate (ETR) proxy. The population are all mining sub-sector in energy sector companies listed on the Indonesia Stock Exchange (IDX) from 2017-2021.

The sampling method used a purposive sampling method, with a total sample of 33 companies and 106 observations. This study also uses a moderating variable, namely institutional ownership (KI) and 4 (four) control variables, namely: company size, company age, leverage, and operating cash flow. Data processing uses the SPSS version 27 program. The data analysis method is Moderated Regression Analysis (MRA).

The results show that tax avoidance has a significant negative effect on the cost of debt. That is, the greater the company's tax avoidance, the lower the cost of debt. Meanwhile, institutional ownership cannot moderate the effect of tax avoidance on cost of debt.

Keywords: tax avoidance, cost of debt, institutional ownership, MRA, Effective Tax Rate (ETR), Cost of Debt (COD)