

ABSTRACT

The COVID-19 pandemic has caused economic instability. Companies in this situation may struggle to maintain financial balance, making tax avoidance an appealing option. However, legally minimizing tax payments comes with high costs and risks. This research aims to analyze the impact of the COVID-19 pandemic, economic growth, inflation, profitability, leverage, and company size on tax avoidance.

The study utilizes panel data from accommodation and food services companies in ASEAN-7 countries during the period from 2018 to 2022, analyzed using the Fixed Effect Model (FEM). Cash Effective Tax Rate (CETR) is used as a proxy for tax avoidance, where a lower CETR indicates higher tax avoidance.

The results indicate that the COVID-19 pandemic, economic growth, and inflation do not significantly affect tax avoidance. Instead, tax avoidance is influenced by internal company factors. Profitability has a positive and significant effect on tax avoidance, while leverage has a negative and significant effect. Additionally, company size has a positive and significant effect on tax avoidance.

Keywords: Tax avoidance, COVID-19 pandemic, CETR, Fixed Effect Model.