

ABSTRACT

Tax avoidance is tax planning that is carried out legally by reducing the amount of tax that is the basis for tax imposition that is still in accordance with applicable tax laws. This study aims to determine the effect of profitability and leverage on tax avoidance.

This research is a quantitative study using secondary data derived from the company's annual financial statements processed by multiple linear regression analysis. The population of this study are food and beverage sector companies listed on the Indonesia Stock Exchange in 2020-2023, totaling 94 companies. With the purposive sampling method, the sample used in this study was 310 out of 376 that met the criteria.

The results showed that partially profitability has a significant positive effect on tax avoidance, as well as leverage partially has a significant positive effect on tax avoidance.

Keywords: tax avoidance, profitability, and leverage.