ABSTRACT

This study aims to examine the effect of political connections and institutional ownership on tax avoidance by using company size as a moderating variable in Primary Consumer Goods Industry Sector Manufacturing Companies Listed on the Indonesia Stock Exchange. Tax avoidance in this study is measured using the Effective Tax Rate (ETR), which reflects the company's effectiveness in paying taxes.

The research sample was selected using purposive sampling method. The research sample consists of companies engaged in the primary consumer goods sector (consumer non-cyclical) and listed on the Indonesia Stock Exchange during the period 2021-2023. From the existing population, 36 companies were selected as research samples. The data collected was then analyzed using the Moderate Regression Analysis (MRA) method with the help of SPSS version 25 software to test the relationship between the independent variables, dependent variables, and moderating variables used in this study.

The results showed that political connections and institutional ownership have a positive influence on tax avoidance This indicates that companies with political connections and institutional ownership tend to take tax avoidance actions. However, this study also found that firm size does not act as a moderating variable in the relationship.In other words, the size of the company does not strengthen or weaken the effect of political connections and institutional ownership on tax avoidance.

Keywords: Political Connection, Institutional Ownership, Tax Avoidance, Company Size