

ABSTRACT

The aim of the study was to examine the influences of transfer pricing aggressiveness, firm size, profitability, and tax haven utilization on tax avoidance, with including capital structure and industry sector as control variables. Firm size was measured by natural logarithm of total assets, profitability was measured by return on assets, and tax haven utilization was measured by dummy variable. Transfer pricing aggressiveness measured by TPA index consisted of three ratios were developed in this research. Populations were non-financial firms listed on IDX. Samples were taken for the year 2015-2017 and data were collected by purposive sampling method, by which several criteria were established. The total observations were 198 companies. Panel data analyzed by EViews 10 were used to test the research data. The result of this study demonstrated that transfer pricing aggressiveness, firm size, and profitability significantly influence tax avoidance. Meanwhile, tax haven utilization had no significant association with tax avoidance.

Keywords: transfer pricing aggressiveness, tax avoidance, tax haven utilization, political cost hypothesis.