ABSTRACT

Tax represents one of the main sources of state revenue; however, Indonesia's tax ratio remains below the average of Asia-Pacific and OECD countries. The manufacturing sector contributes significantly to corporate income tax revenue, yet its capital-intensive characteristics and complex financing structures provide opportunities for companies to engage in tax avoidance. Previous studies have also reported inconsistent findings regarding the effects of profitability, leverage, firm size, and capital intensity on tax avoidance, particularly in the period following tax reform.

This study examines manufacturing sector companies listed on the Indonesia Stock Exchange during 2022–2024. The sample was selected using a purposive sampling technique based on predetermined criteria. The data were analyzed using multiple linear regression with the assistance of EViews 13, preceded by classical assumption tests to ensure that the regression model met the BLUE (Best Linear Unbiased Estimator) criteria.

The results indicate that profitability and firm size have an effect on tax avoidance, while leverage and capital intensity have not been proven to affect tax avoidance in accordance with the hypothesized direction. These findings suggest that profitability and firm size should be considered when identifying potential tax avoidance practices. The results may serve as a consideration for tax authorities in directing supervision toward companies with high profitability and asset levels. Future research is recommended to incorporate additional variables, such as corporate governance, and extend the observation period to provide more comprehensive findings.

Keywords: *Profitability, Leverage, Capital intensity, Tax avoidance*