## *ABSTRACT*

*This study aims to analyze the impact of digital transformation on tax avoidance and to examine internal control as a mediating variable in the relationship between digital transformation and tax avoidance within energy sector companies listed on the Indonesia Stock Exchange.*

*A quantitative approach was employed, utilizing secondary data obtained from annual reports and financial statements covering the 2020-2024 period. Tax avoidance was measured using the Effective Tax Rate (ETR), while digital transformation and internal control were assessed based on information disclosed in the companies' annual reports. A purposive sampling technique was used to select the sample, resulting in 24 companies and 120 observations. Data analysis was conducted using the Partial Least Squares-Structural Equation Modeling (PLS-SEM) method with SmartPLS 4 software.*

*The results indicate that digital transformation does not have a significant effect on tax avoidance. Digital transformation positively influences internal control. Furthermore, internal control has a positive effect on the ETR, indicating that enhanced internal control is associated with a reduced tendency for tax avoidance. However, internal control was not found to mediate the relationship between digital transformation and tax avoidance. These findings suggest that digital transformation has not been shown to influence tax avoidance, either directly or through internal control as a mediating variable. The study highlights the importance of strengthening internal control to support corporate governance and tax compliance.*



*Keywords: digital transformation, internal control, tax avoidance, Effective Tax Rate, energy sector.*



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