ABSTRACT

The study is conducted to analyze the impact of financial distress, leverage and capital intensity to corporate tax aggressiveness. Independent variables are represented by financial distress, leverage and capital intensity. Interest coverage ratio (ICR) are used to measure financial distress. Debt ratio are used to measure leverage. The last, capital intensity are used by comparison between total fixed assets to total assets. This research refers to the research conducted by Richardson et al (2015).

The population of this study are all manufacturing companies listed on the Indonesian Stock Exchange (IDX) for the period 2013-2015. Total observation of 214 was determined by purposive sampling. Cash Effective Tax Rate and Book Tax Difference are used to measure corporate tax aggressiveness. There is a control variable that were included in this study i.e., size. This study uses Ordinary Least Square (OLS) for hypotheses testing.

The results show that financial distress and leverage have a positive effect with statistical significance on corporate tax aggressiveness. The implication of this study showed that financial distress and leverage may encourage firms to take aggressive act towards tax to provide additional cash flow. While capital intensity does not affect on corporate tax aggressiveness.

Keyword: *Financial Distress, Leverage, Capital Intensity, Corporate Tax Aggressiveness.*