

ABSTRACT

The purposes of this research are (1) to examine the influences of tax avoidance on firm value and (2) to examine the influences of institutional ownership and transparency on the relation between tax avoidance and firm value. Firm value as dependent variable is measured by Tobin's Q, meanwhile tax avoidance as independent variable is measured by Cash ETR. Moderating variable, institutional ownership, is measure by percentage of shares owned by institution and transparency is measured by transparency score that have been developed following the research conducted by Chau and Gray (2002).

Population of this research consists of all listed manufacturing companies in Indonesia Stock Exchange in year 2012–2014. The sampling method used in this research is purposive sampling. After doing sampling and processing data, 54 firms have been selected given 162 total observations. This research uses multiple linear regression to examine the hypothesis.

The empirical evidence shows that tax avoidance has a significant negative influence on firm value. The result of the moderating variable shows that institutional ownership can moderate the relationship between tax avoidance and firm value while transparency cannot moderate the relationship.

Keywords : *firm value, tax avoidance, institutional ownership, transparency*