

ABSTRACT

This study aims to analyse the effect of tax avoidance and tax risk on cost of debt. The population in this study were all companies listed in Bloomberg Database for the year 2017 and 2018. The sampling method used in this research was purposive sampling. Total number of samples used in this study were 308 study samples. The data used in this study were obtained from Bloomberg Database. The data in this study were analysed using multiple regression techniques. The data in this study were also analysed using classical assumption test before they were analysed using multiple regression techniques. The result of this study indicate that tax avoidance has no effect on cost of debt. While tax risk has negative effect on cost of debt. The result of this study also indicate that the effect of tax avoidance on the cost of debt does not depend on tax risk.

Keywords: Cost of debt, Tax Avoidance, Tax Risk.