

ABSTRACT

The purpose of this research was to examine the effect of financial distress, conservatism, and sales growth on corporate tax avoidance practices. The dependent variable used in this research is tax avoidance as measured by the cash effective tax rate (CETR), while the independent variable used in this research is financial distress, accounting konservatisme, and sales growth. This research also uses two control variables, including leverage and firm size.

The population used in this research are Food and Beverage Companies listed on the Indonesia Stock Exchange (IDX) for the period 2017-2019. The sampling technique for this research is purposive sampling method. Of the 24 food and beverage companies listed on the Indonesia Stock Exchange for the 2017-2019 period, there were 20 samples of food and beverage companies that had complete financial reports for the 2017-2019 period.

The results of this research prove that financial distress and sales growth have a significant positive effect on the practice of tax avoidance. Meanwhile, accounting konservatisme has a significant negative effect on tax avoidance practices. The result of the coefficient of determination shows a result of 50.2%, which means that simultaneously all dependent variables have a significant influence on the independent variable, while 49.8% is explained by other variables not examined in this study.

Keywords: financial distress, conservatism, sales growth, tax avoidance.