

ABSTRACT

The Effect of Transfer Pricing, Leverage, and Profitability on Tax Avoidance (An Empirical Study on Coal Mining Sector Companies Listed on the Indonesia Stock Exchange in 2019–2023)

This study aims to analyze the effect of transfer pricing, leverage, and profitability on tax avoidance in coal mining sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2019–2023. Tax avoidance is measured using the Effective Tax Rate (ETR) as a proxy, transfer pricing is measured by the total value of related party transactions, leverage is measured using the Debt to Equity Ratio (DER), and profitability is measured by Return on Investment (ROI). The research employs a quantitative approach with panel data, using multiple linear regression analysis processed through EViews software. The sample was selected using purposive sampling, resulting in 17 companies that met the criteria over the five-year observation period. The results show that transfer pricing does not have a significant effect on tax avoidance, leverage has a significant negative effect on tax avoidance, and profitability has a significant positive effect on tax avoidance. These findings support agency theory, which suggests that managers have incentives to minimize corporate tax burdens through the management of capital structure and inter-company transactions.

Keywords: *Transfer Pricing, Leverage, Profitability, Tax Avoidance*