

ABSTRACT

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ANALYSIS OF FIRM'S PERFORMANCE ON THE PRACTICE OF TAX AVOIDANCE

(xiv + 76 pages; 3 figures; 11 tables; 2 appendices)

This research aims to prove empirically the impact of firm's performance toward the practice of tax avoidance, which is measured by cash effective tax rate (CETR). The independent variables used in this research are profitability, leverage, liquidity, sales' growth, and firm's size. Profitability is measured by return on asset (ROA), leverage is measured by debt-to-equity ratio (DER), liquidity is measured by current ratio, sales' growth measured by sales growth year-over-year rate, and firm's size is measured by natural logarithm of total asset. All data is gathered from the financial statement of a company in both Indonesia Stock Exchange website and company's website. The populations in this study are manufacturing firms listed on Indonesia Stock Exchange period 2015-2017. The sampling method used in this research is purposive sampling method, which comprised total of 106 manufacturing companies.

The method of data analysis used is multiple regression analysis. The result shows that profitability and liquidity are insignificant toward the practice of tax avoidance. Leverage, sales' growth, and firm's size have a significant and positive impact toward tax avoidance.

References : 35 (2004 – 2018)

Keywords : profitability, leverage, liquidity, firm's size, sales' growth, tax avoidance, cash effective tax rates, manufacturing companies, return on asset, current ratio, debt to equity ratio