TABLE OF CONTENTS

COVER PAGE

DECLARATION OF AUTHENTICITY OF FINAL PAPER AND UPLOAD AGREEMENT..... ii

APPROVAL PAGE BY FINAL PAPER ADVISOR iv

APPROVAL PAGE BY FINAL PAPER DEFENSE COMMITTEE v

ABSTRACT.....vi

ABSTRAK vi

PREFACE..... viii

TABLE OF CONTENTS.....x

LIST OF FIGURES xiii

LIST OF TABLES xiv

LIST OF APPENDICES xv

CHAPTER I INTRODUCTION

1.1 Background of the Study 1

1.2 Problem Limitation.....6

1.3 Problem Formulation 6

1.4 Objective of The Research.....7

1.5 Benefit of The Research 7

1.5.1 Theoretical Benefit 7

1.5.2 Practical Benefit.....8

CHAPTER IILITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Theoretical Background.....9

2.1.1 Agency Theory 9

2.1.2 Tax Avoidance 10

2.1.3 Firm Size 11

2.1.4 Profitability 11
2.1.5 Leverage 12
2.2 Previous Research 13
2.3 Hypothesis Development 15
2.3.1 The Impact of Firm Size towards Tax Avoidance 15
2.3.2 The Impact of Profitability towards Tax Avoidance 15
2.3.3 The Impact of Leverage towards Tax Avoidance 16
2.3.4 The Impact of Firm Size, Profitability, and Leverage towards Tax Avoidance 16
2.4 Research Model 18
2.5 Framework of Thinking 19

CHAPTER III RESEARCH METHODOLOGY

3.1 Research Design 20
3.2 Population and Sample 20
3.2.1 Population 20
3.2.2 Sample 21
3.3 Data Collection Method 23
3.4 Operational Variable Definition and Variable Measurement 23
3.4.1 Independent Variables 23
3.4.2 Dependent Variables 25
3.5 Data Analysis Method 26
3.5.1 Descriptive Statistic 26
3.5.2 Classical Assumption Test 26
3.5.2.1 Normality Test 26
3.5.2.2 Multi-collinearity Test 28
3.5.2.3 Auto-correlation Test 29
3.5.2.4 Heteroscedasticity Test 30
3.5.3 Result of Hypothesis Testing 31
3.5.3.1 Multiple Linear Regression 31

3.5.3.2 Significant Hypothesis Test in Partial (T-Test) 32
3.5.3.3 Significant Hypothesis Test in Simultaneous (F-Test) 33
3.5.3.4 Coefficient Determination Test (Adjusted R^2) 33

CHAPTER IV RESEARCH RESULT AND DISCUSSION

4.1 General View of Basic and Chemical Industries Companies 34
4.2 Research Result 44
4.2.1 Descriptive Statistic 44
4.2.2 Result of Data Quality Testing 46
4.2.2.1 Normality Test 46
4.2.2.2 Multi-collinearity Test 49
4.2.2.3 Auto-correlation Test 51
4.2.2.4 Heteroscedasticity Test 52
4.2.2.5 Multiple Linear Regression Analysis 54
4.2.3 Result of Hypothesis Testing 56
4.2.3.1 T-Test Analysis 56
4.2.3.2 F-Test Analysis 59
4.2.3.3 Coefficient of Determination Analysis 60
4.3 Discussion 61
4.3.1 The Effect of Firm Size towards Tax Avoidance 61
4.3.2 The Effect of Profitability towards Tax Avoidance 61
4.3.3 The Effect of Leverage towards Tax Avoidance 62
4.3.4 The Effect of Firm Size, Profitability, and Leverage towards Tax Avoidance 62

CHAPTER V CONCLUSION

5.1 Conclusion 64
5.2 Recommendation 66

REFERENCES 68

LIST OF FIGURES

Figure 1.1 Indonesia Tax Revenue Sector Basic and Chemical Industries 4
Figure 2.1 Research Model 18
Figure 2.2 Framework of Thinking 19
Figure 4.1 Normality Test using Histogram 48
Figure 4.2 Normality Test using Normal Probability Plot 48
Figure 4.3 Heteroscedasticity Test using Scatterplot Graph 54
Figure 4.4 T-Test Normal Curve (X1) 57
Figure 4.5 T-Test Normal Curve (X2) 58
Figure 4.6 T-Test Normal Curve (X3) 59

LIST OF TABLES

Table 2.1 Previous Research 13
Table 3.1 Determination of Sample 22
Table 3.2 List of Sample 22
Table 3.3 Measurement of Operating Variables 28
Table 3.4 Conditions of the Durbin-Watson Test 30
Table 4.1 Descriptive Statistic Analysis 44
Table 4.2 Kolmogorov-Smirnov 46
Table 4.3 Kolmogorov-Smirnov (After Eliminating Outlier) 47
Table 4.4 Multicollinearity Test 50
Table 4.5 Autocorrelation test using Durbin-Watson Test 51
Table 4.6 Autocorrelation test using Cochrane Orcutt Method 52
Table 4.7 Heteroscedasticity Test using Glejser Test 53
Table 4.8 Result of Regression Analysis 55
Table 4.9 T-Test Analysis 56
Table 4.10 F-Test Analysis 59
Table 4.11 Coefficient of Determination Analysis 60
Table 4.12 Summary of Hypothesis Test Result 63

LIST OF APPENDICES

APPENDIX A: LIST OF POPULATION AND SAMPLE OF BASIC AND CHEMICAL INDUSTRIES SECTOR LISTED IN THE INDONESIA STOCK EXCHANGE FOR PERIOD YEAR 2016-2020 ..... A-1
APPENDIX B: CALCULATION OF FIRM SIZE B-1
APPENDIX C: CALCULATION OF PROFITABILITY C-1
APPENDIX D: CALCULATION OF LEVERAGE D-1
APPENDIX E: CALCULATION OF TAX AVOIDANCE E-1
APPENDIX F: SPSS OUTPUT RESULTS F-1
APPENDIX G: DURBIN WATSON SIGNIFICANT TABLE G-1
APPENDIX H: T-DISTRIBUTION TABLE H-1
APPENDIX I: F-DISTRIBUTION TABLE I-1