FACTORS INFLUENCING TAX AVOIDANCE IN NON-FINANCIAL MULTINATIONAL COMPANIES IN INDONESIA

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Abstract

This study aims to analyze the influence of transfer pricing, fixed assets intensity, and sales growth on tax avoidance practices. This research focuses on non-financial multinational companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022. Tax avoidance is the dependent variable, while transfer pricing, fixed assets intensity, and sales growth are independent variables. The control variables used are profitability, leverage, and firm size. Purposive sampling is used as a sampling method. The sample in this study consists of 130 observational data from 26 non-financial multinational companies listed on the IDX in 2018-2022. The analysis method used is panel data regression with EViews 12 statistical test. The results of this study indicate that transfer pricing has a negative influence on tax avoidance. Sales growth has no impact on tax avoidance. Fixed asset intensity has a positive influence on tax avoidance. This study also shows that the control variables profitability and firm size affect tax avoidance, while leverage does not affect tax avoidance. This research is relevant for academics, researchers, and regulators. Examining transfer pricing, fixed assets intensity, and sales growth to tax avoidance can be a consideration for regulators, in this case, the Director General of Taxes to take action regarding companies that take advantage of loopholes in tax regulations.

Keywords: Fixed Assets Intensity, Sales Growth, Tax Avoidance, Transfer Pricing

INTRODUCTION

The tax sector is the main source of state revenue for national financing and increasing the economic growth of the nation and society (Saputra et al, 2023). However, companies view taxes as a burden and tend to avoid taxes (Zarkasih, 2023). Tax avoidance is a common phenomenon among companies (Jiang et al., 2022). Companies usually avoid taxes because they want to minimize their tax burden to increase company profits (Latifatul et al., 2022). Although tax avoidance is legally permissible, it is frowned upon by the government due to its detrimental impact on government revenue (Kalbuana & Yanti, 2020). Tax avoidance in Indonesia is often carried out by companies that have extensive corporate networks in various countries, such as multinational companies (Zarkasih, 2023). Multinational companies' tax avoidance practices in Indonesia have become one of the most important problems that must be resolved.

Transfer pricing practices are the main reason companies avoid taxes. Transfer pricing is a policy carried out by companies to increase or decrease the price of goods for parties who have a special relationship and are not appropriate (Barker et al., 2017). Transfer pricing can be manipulated to shift profits to jurisdictions with low tax rates, thereby reducing the overall tax burden (Davies et al., 2018). Although transfer pricing is a legal practice if done following the arm's length principle, its potential misuse for tax avoidance purposes remains a serious concern. The Director General of the Indonesian Tax Authority firmly states that transfer pricing has a considerable influence on state tax revenues. Based on the estimation made by the Director General of Taxes, the country risks losing 1,300 trillion rupiah due to transfer pricing activities. Based on internal information provided by the Director General of Taxes, the main cause of the loss is due to the payment of interest, royalties, and intra-group services (Issn et al., 2019).

One example of a global company involved in a transfer pricing dispute in Indonesia is PT Adaro Energy Tbk (ADRO) and its Singapore subsidiary, Coaltrade Service International Pte Ltd, in 2005-2006. The case came to light after reports from Sudhono Iswahyudi, an expert from the Ministry of Energy and Mineral Resources, and the Director General of Taxes from the Attorney General's Office. In 2015, PT Adaro sold coal to a Singaporean company at an exorbitant price of US$26 per ton, and in 2016, the price

increased to US$29. PT Adaro recorded revenues of US$697.1 million in 2015 and 2016, with total revenues of US$1.003 billion. Despite favorable sales prices, PT Adaro's revenue for 2015 should have been $1.287 billion, while for 2016 it should have been $1.371 billion (Rezky & Fachrizal, 2018).

Previous research conducted by (Sikka & Willmott, 2010) found that transfer pricing practice is one of the ways of tax avoidance in developed and developing countries. In line with this research, research conducted by (Andry & Widyatama, 2021; Amidu et al, 2019; Mufidah & Zubaidah, 2023; Salihu et al, 2015) shows that the transfer pricing variable has a positive influence on tax avoidance. While research by (Barker et al, 2017; Nugroho et al, 2022) found that transfer pricing does not influence tax avoidance. In Indonesia, qualitative research conducted by (Rahayu, 2001) concluded that the tax avoidance practices of foreign companies (PMA) in Indonesia are mainly caused by transfer pricing.

Another factor that can affect tax avoidance is fixed asset intensity which reflects the proportion of fixed assets in the company's total assets. Companies with high fixed asset intensity can utilize fixed asset depreciation to reduce taxable profit, thereby reducing tax liabilities (Richardson & Lanis, 2007). In addition, large fixed assets can be used as collateral to obtain loans with interest that can be deducted from taxable income, thus further reducing the tax burden. The relationship between fixed asset intensity and tax avoidance is still debatable. Research (Ayem & Apriliani, 2023) shows that fixed asset intensity has a positive influence on tax avoidance. However, research conducted by (Handayani et al., 2023) shows that fixed asset intensity has a negative influence on tax avoidance. Meanwhile, research conducted by (Lukito & Oktaviani, 2022; Nursida et al, 2022; Rahmatul et al, 2023) shows that fixed asset intensity does not influence tax avoidance. This result is different from the findings of previous studies which show a relationship between the two variables. This shows the complexity of the relationship between fixed asset intensity and tax avoidance practices.

Sales growth accurately describes the level of success or failure of a company and is thought to affect tax avoidance. Companies can estimate their profit potential by analyzing the level of sales expansion. Companies aim to minimize corporate taxes that must be paid by avoiding taxes because higher sales growth usually results in higher profits (Fauzan et al., 2019). According to agency theory, managers (agents) will try to control their tax burden or

look for ways to save taxes by doing tax avoidance. This is done to maintain their performance-based compensation associated with increased company profits resulting from faster sales growth. However, this can also lead to a higher tax burden for the company. This is reinforced by the findings of research conducted by (Afrianti et al, 2021; Fauzan et al, 2019; Suardikha, 2019). However, research conducted by (Handoyo, 2022; and Wicaksana & Rachman, 2023) shows that sales growth does not influence tax avoidance.

In this study, the influences of transfer pricing, fixed asset intensity, and sales growth are controlled by various control variables. These control variables are associated with tax avoidance based on previous research. The control variables are profitability Wicaksana & Rachman, 2023), leverage (Fasita et al., 2022), and firm size (Fasita et al, 2022; Wicaksana & Rachman, 2023).

From the above phenomenon, it can be concluded that there are differences in the findings of previous studies that attract the attention of researchers. This study seeks to collect empirical data on the influence of transfer pricing, fixed assets intensity, and sales growth, along with the control variables of profitability, leverage, and firm size on tax avoidance practices in non-financial multinational companies from 2018 to 2022. This analysis excludes financial companies due to regulatory differences between financial and non-financial companies.

REVIEW OF LITERATURE

Agency Theory

Agency theory, as explained by (Jensen & Meckling, 1976) describes the relationship between the principal (owner) and the agent (manager). The principal authorizes the agent to manage the company's resources, while the agent is responsible for achieving the principal's objectives. This agency conflict can have an impact on corporate taxation strategies, including aggressive tax avoidance practices. Managers may be motivated to minimize tax burdens to increase short-term profits or achieve personal performance targets, even though such actions are detrimental to the long-term interests of the company or shareholders (Sari et al., 2020). This concept is relevant in the context of tax avoidance, where the company as an agent has an obligation to the government as the principal. In the agency relationship

between the government and the company, a potential conflict of interest arises regarding taxes. The government as a tax collector seeks to maximize tax revenue, while the company as a taxpayer seeks to minimize the tax burden. This conflict creates space for companies to practice tax avoidance.

Hypothesis Development

The Influence of Transfer Pricing on Tax Avoidance

Transfer pricing is a pricing strategy applied by companies in transactions with parties that have special relationships (Kalra, 2023). However, this practice also has the potential to become a tax avoidance tool, especially if it is done by selling goods below the market price. The influence of transfer pricing on the behavior of multinational companies has been explored in various studies in the discipline (Kumar et al, 2021; Sebele-Mpofu et al; Wier, 2020). Agency theory explains how transfer pricing can be used by company management (as agents) to minimize tax burden by reducing income and increasing expenses through transactions with related parties. The higher the transfer pricing applied, the more likely the company is to do tax avoidance, especially when the tax rate is high. This is supported by various research results conducted by (Nurdiansyah, 2023; Lutfia & Pratomo, 2018) showing a positive relationship between transfer pricing and tax avoidance. Based on this explanation, the first hypothesis is formulated as follows.

H1: Transfer pricing has a positive influence on tax avoidance.

The Influence of Fixed Asset Intensity on Tax Avoidance

Fixed asset intensity reflects the proportion of fixed assets in the company's total assets, which can affect the profit generated. Fixed assets have depreciation expenses that can reduce profits, so companies with large fixed assets tend to have smaller profits (Diyani & Rahman, 2022). This smaller profit implies a lower tax burden, creating opportunities for companies to avoid tax avoidance. Agency theory explains the relationship between the principal (owner) and the agent (management). Management, as agents, may be motivated to engage in tax avoidance to increase reported earnings, which in turn may increase their compensation or improve their perceived performance. This can create a conflict of interest with shareholders, who want companies to pay taxes fairly and comply with tax regulations. Research (Ayem & Apriliani, 2023) supports the idea that higher fixed asset intensity is

positive with tax avoidance. Based on this explanation, the second hypothesis is formulated as follows.

H2: Fixed asset intensity has a positive influence on tax avoidance.

The Influence of Sales Growth on Tax Avoidance

Sales growth is one measure to consider in predicting tax avoidance practices. Sales growth shows a change in sales between a certain year and the following year which can be an increase or decrease (Rizka & Rahayu, 2023). Increased growth allows companies to increase their operational capacity (Oktamawati, 2017). Conversely, declining growth makes the company constrained in increasing its operating capacity. Increased sales growth will increase company profits, which will then increase the company's tax burden. This encourages companies to carry out tax avoidance strategies to reduce the impact of higher taxes. This is in line with the results of research conducted by (Oktamawati, 2017; Sari et al, 2020; Widianingrum et al, 2024) stated that sales growth has a significant positive influence on tax avoidance. Based on this explanation, the third hypothesis is formulated as follows.

H3: Sales growth has a positive influence on tax avoidance

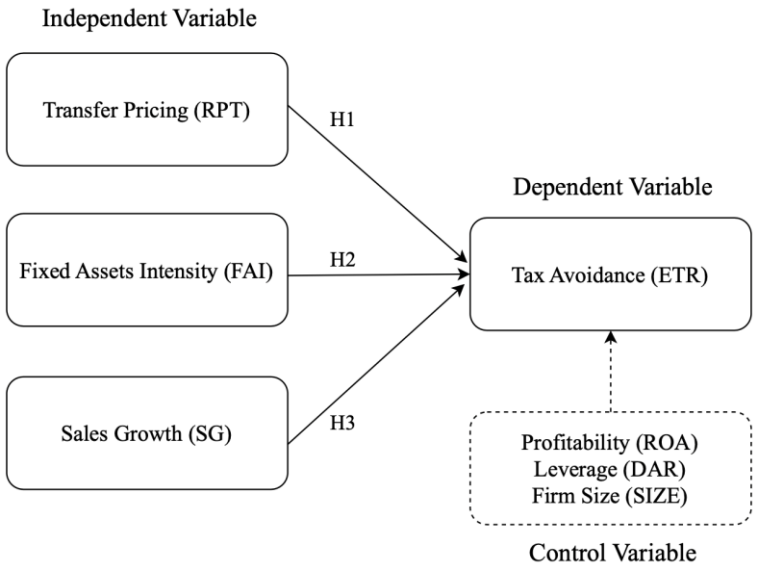

Figure 1.
Conceptual Framework

RESEARCH METHOD

This research uses quantitative methods with secondary data sourced from the financial statements of non-financial multinational companies listed on the Indonesia Stock Exchange. The research data was obtained by taking the financial statements of non-financial multinational companies from the official website of the Indonesia Stock Exchange (www.idx.co.id) and the sites of each company. This study uses a purposive sampling method, using the criteria, namely non-financial multinational companies listed on the Indonesia Stock Exchange from 2018 to 2022, companies that consistently report financial statements, and companies that have all the data needed during the study period, resulting in a sample size of 130 observation data from 26 companies. This study uses panel data regression analysis and uses Eviews 12 software for data processing. Panel data analysis involves time series and cross-sectional data. This analysis aims to determine the impact of independent variables and control variables on the dependent variable.

Operational Definition and Measurement of Variables

Tax Avoidance

In this study, the dependent variable is the tax avoidance variable. Tax avoidance refers to strategically reducing tax liabilities within the limits of the law by taking advantage of loopholes in existing laws. This study measures tax avoidance by using Effective Tax Rate (ETR) as a proxy. The formula for calculating ETR is as follows (Shubita, 2024).

$$\text{Effective Tax Rate} = \frac{\text{Income Tax Expense}}{\text{Pretax Income}}$$

Independent Variable

The independent variables in this study are transfer pricing, fixed assets intensity, and sales growth.

Transfer Pricing

Transfer pricing refers to a scenario where certain entities have a relationship or affiliation. The formula to calculate the transfer price is as follows (Iriyadi et al., 2024).

$$\text{Related party transactions} = \frac{\text{Trade Payables Related Parties}}{\text{Account Receivable}}$$

Fixed Asset Intensity

Fixed asset intensity is an indicator that shows the proportion of fixed assets in the company's total assets. In this study, fixed asset intensity is calculated using the following formula (Lukito & Oktaviani, 2022).

$$\text{Fixed Asset Intensity} = \frac{\text{Total Fixed Assets}}{\text{Total Assets}}$$

Sales Growth

Sales growth refers to the level of investment performance in the previous period and can be an indicator of future growth. The company's success in implementing marketing strategies and product sales is directly proportional to the amount of sales growth, sales growth is formulated as follows (Handoyo et al., 2022).

$$\text{Sales Growth} = \frac{\text{Current Sales} - \text{Previous Sales}}{\text{Previous Sales}}$$

Control Variables

The control variables in this study are profitability (ROA), leverage (LEV), and firm size (SIZE).

Profitability

The use of return on assets (ROA) in this study as a proxy for the profitability ratio. The reason is because ROA is able to measure the effectiveness of management in a company through the profit generated from the assets concerned. ROA can also be the basis for evaluating the implementation of strategies and management decision making. ROA formula according to (Wicaksana & Rachman, 2023) is as follows.

$$\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}}$$

Leverage

Leverage is an important metric used to determine the extent to which businesses fund themselves through the use of leverage. In this study, the formula used to calculate leverage is as follows (Duho et al., 2024).

$$\text{DAR} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

Firm Size

Firm size is a statistic that classifies the size of a company based on various parameters, including total assets, logarithmic size, revenue, and market capitalization. Here is how firm size is determined for this study (Lu & Wang, 2024).

$$\text{SIZE} = \text{Ln (Total Assets)}$$

The sample obtained consists of 130 data processed using the Eviews 12 analysis tool. The purpose of the panel data regression test is to identify the most accurate estimate of the panel data regression model. The most appropriate strategy was chosen among the three models to analyze the data of this study. The process of selecting the appropriate model between common effect, fixed effect, or random effect is done by conducting three tests, namely the chow test, hausman test, and lagrange multiplier test. The regression equation for panel data is expressed as follows:

$$ETR = \alpha + \beta 1RPTit + \beta 2FAIit + \beta 3SGit + \beta 4ROAit + \beta 5DARit + \beta 6SIZEit + \varepsilon$$

Description:

ETR = Tax Avoidance

α = Constant

β_{1-6} = Regression coefficient

RPT = Transfer price

FAI = Fixed Assets Intensity

SG = Sales growth

ROA = Return on Assets

DAR = Leverage

SIZE = Firm size

ε = Error

i = Company data

t = Time period data

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

This study examines the relationship between tax avoidance and other independent variables, including transfer pricing, tax haven, foreign ownership, sales growth, and additional control variables such as profitability (measured by return on assets), leverage, and firm size. This study uses annual financial report data from 26 non-financial multinational companies listed on the Indonesia Stock Exchange (IDX) from 2018-2022. The results of the descriptive statistical calculations are as follows:

Table 1.
Descriptive Statistics

	LOGETR	LOGRPT	LOGFAI	LOGSG	LOGROA	LOGDAR	LOGSIZE
Mean	0.352722	0.214986	0.389711	0.105755	0.065269	0.419892	30.21935
Median	0.237279	0.072244	0.378839	0.068218	0.043000	0.446500	30.56780
Maximum	9.685344	0.978942	0.828435	0.997472	0.529000	0.729000	33.25570
Minimum	0.000115	0.000532	0.000245	-0.442684	-0.086000	0.089000	27.02400
Std. Deviation	0.864778	1.508168	0.193905	0.222505	0.088377	0.151144	1.514733
Probability	0.000000	0.000000	0.454708	0.000000	0.000000	0.116464	0.159816
Obs	130	130	130	130	130	130	130

Source: EViews 12 output (Data processed by the author, 2024)

Table 1 shows that the tax avoidance (ETR), leverage (DAR), and firm size (SIZE) variables have an average or mean value that is smaller than the standard deviation, which means that the variable data varies or is not clustered. For transfer pricing (RPT), fixed assets intensity (FAI), sales growth (SG), and profitability (ROA) variables have an average value greater than the standard deviation, thus indicating that the data does not vary or is relatively homogeneous (tends to cluster).

Classical Assumption Test

In this study, the data normality test was carried out using the Jarque-Bera test. This test assesses whether the data distribution is following the normal distribution. The test results show a probability value of 0.00, which indicates that the data is not normally distributed. Although the data is not normally distributed, this study can continue the analysis by referring to the central limit theory which states that if the number of samples is large enough (generally above 100), then the distribution of the sample mean will approach the normal distribution, regardless of the original data distribution.

Table 2.
Multicollinearity Test

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.058840	14.51605	NA
LOGRPT	0.005899	3.502200	1.148087
LOGFAI	0.027674	4.114307	2.128199
LOGSG	0.011021	2.615981	1.013375
LOGROA	0.010077	4.958294	1.047581
LOGDAR	0.130946	6.651446	1.204679
LOGSIZE	0.026572	4.954973	1.893045

Source: EViews 12 output (Data processed by the author, 2024)

Table 2 shows that the VIF value is below ten (VIF < 10). It can be concluded that there is no multicollinearity in this study, which indicates that there is no correlation between transfer pricing (RPT), fixed assets intensity (FAI), sales growth (SG), profitability (ROA), leverage (DAR), firm size (SIZE), and tax avoidance (ETR) variables.

Table 3.
Heteroscedasticity Test

Heteroscedasticity Test: ARCH			
F-statistic	0.010506	Prob. F (1,126)	0.9185
Obs*R-squared	0.010671	Prob. Chi-Square (1)	0.9177

Source: EViews 12 output (Data processed by the author, 2024)

Table 3 shows that the error variance is constant. This can be seen from the Prob. Chi-Square (1) for Obs* R-square, which is 0.9177, which is higher than the alpha value of 0.05. It can be concluded that the model used does not have heteroscedasticity problems.

Panel Data Regression Model Selection

Table 4.
Regression Model Selection

Test of Type	Prob.	The Right Model
Chow Test (Cross-section F)	0.0468	
Chow Test (Cross-section Chi-square)	0.0078	Fixed Effect Model
Hausman Test (Cross-section random)	0.0526	Fixed Effect Model

Source: EViews 12 output (Data processed by the author, 2024)

Table 4 shows that the Chow test result for the cross-section gives a chi-square probability value of 0.0078, the value is less than α (0.05), so the fixed effect model is selected in the Chow test. Furthermore, the Hausman test in cross-sectional random gives a probability value of 0.0526. This means that the value is less than α (0.05), so the fixed effect model is selected in the Hausman test. Based on the selection of the regression model, the fixed effect model is the best in this study.

Panel Data Regression Analysis

Based on the results of the best model selection test using the Chow test, and Hausman test, the results show that the best panel data regression analysis model is the Fixed Effect Model (FEM). The FEM test results are as follows:

Table 5.
Panel Data Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.420344	0.243023	5.844492	0.0000
LOGRPT	0.172941	0.078304	2.208585	0.0291 **
LOGFAI	-0.725187	0.169529	-4.277661	0.0000 ***
LOGSG	0.140096	0.106575	1.314534	0.1911
LOGROA	0.296247	0.102281	2.896397	0.0045 ***
LOGLEV	0.180994	0.368271	0.491469	0.6240
LOGSIZE	0.981105	0.154794	6.339153	0.0000 ***
R-squared				0.305300
Adjusted R-squared				0.271412
Prob(F-statistic)				0.000000

Notes: *,**,*** Significant at 10%, 5%, 1%

Source: EViews 12 output (Data processed by the author, 2024)

Coefficient of Determination (R^2)

Table 5 shows that the coefficient of determination or adjusted R-squared value is 0.271412. This shows that the variable "tax avoidance" can be explained by 27% by the independent variables "transfer pricing", "fixed assets intensity", and "sales growth" with the control variables "profitability", "leverage" and "firm size". The remaining 83% is explained by other variables outside this study.

F Test (Simultaneous)

From Table 5, it can be seen that the probability value of the f-statistic is 0.0000 < 0.10. It can be concluded that the independent variables of transfer pricing, fixed assets intensity, and sales growth with the control variables of profitability, leverage, and firm size together have a significant influence on the dependent variable, namely tax avoidance.

The Influence of Transfer Pricing on Tax Avoidance

Based on Table 5 above, it is known that the coefficient of transfer pricing is 0.172941 with a probability level of 0.0291, then H1 is rejected. The coefficient value indicates a positive relationship between transfer pricing (RPT) and effective tax rate (ETR) which means that the higher the value of RPT, the higher the value of ETR. A high RPT value reflects that the company has a high level of RPT, while a high ETR value reflects a low level of tax avoidance. The higher the transfer pricing, the lower the level of tax avoidance, so transfer pricing has a negative influence on tax avoidance with a significance of 5%. Taxes are the reason why multinational companies that are not engaged in the financial sector set transfer prices by conducting transactions with affiliated companies outside national borders, so that profits and taxes paid become smaller. Transfer pricing test results show a negative impact on tax avoidance due to various factors such as changes in the government system that raises many new policies such as tax amnesty and others. The results of this study show the same results where transfer pricing has a negative influence on tax avoidance (Aryotama et al, 2018; Nainggolan & Sari, 2019; Rezeki et al, 2021). The negative relationship means that non-financial multinational companies conduct transfer pricing activities only as a means to evaluate the performance of overseas subsidiaries, reduce financial risk, and manage cash flows at subsidiaries. The relationship between agency theory and transfer pricing is based on the assumption of human nature that each individual tends to prioritize their interests, so agency problems can arise because there are parties who have different interests but cooperate in dividing various tasks. Agency problems can harm principals who are not directly involved in managing the company, so principals have limited access to information. The power given to the agent by the principal to manage the company's assets can cause the agent to override the interests of shareholders by using his incentives to set the transfer price.

The Influence of Fixed Asset Intensity on Tax Avoidance

Based on Table 5 above, it is known that the coefficient of fixed assets intensity is -0.725187 with a probability level of 0.0000, so H2 is accepted. The coefficient value shows a negative relationship between fixed assets intensity (FAI) and effective tax rate (ETR) which means that the higher the value of FAI, the lower the value of ETR. In this case, the high FAI indicates an increase in the level of tax avoidance, so FAI has a positive influence on tax avoidance with a significance of 1%. This means that companies with a higher proportion of fixed assets tend to do more aggressive tax avoidance. Companies with a larger proportion of fixed assets tend to have a higher depreciation expense, which can reduce the tax burden through fiscal reconciliation. As a result, such companies may have a high influence tax rate, close to or even exceeding the official tax rate, thus indicating low tax avoidance activities. This finding supports agency theory, which suggests that there is an alignment of interests between shareholders and company management in increasing profits through fixed assets. The results of this study are in line with research (Ayem & Apriliani, 2023; Richardson & Lanis, 2007; Ramadhan & Kurnia, 2021) which shows that fixed asset intensity has a positive influence on tax avoidance.

The Influence of Sales Growth on Tax Avoidance

Based on Table 5 above, it is known that the coefficient of sales growth is -0.725187 with a probability level of 0.1911, so H2 is rejected, which means that sales do not influence tax avoidance. The results of this study indicate that the increase in sales does not necessarily encourage companies to conduct tax avoidance. The tax avoidance policy is more influenced by top management's strategic decisions than sales performance. This finding is in line with research (Handoyo et al, 2022; Rani et al, 2021) which also states that sales growth has no significant influence on tax avoidance. This strengthens the argument that other factors, besides sales, play a greater role in tax avoidance practices. This research highlights the importance of understanding the role of top management in making decisions related to tax avoidance. Corporate tax policy is more influenced by top management's strategies and objectives than the achievement of sales targets.

CONCLUSION

Based on the results of the analysis and discussion in research on the influence of transfer pricing, fixed assets intensity, and sales growth with control variables of profitability, leverage, and firm size on tax avoidance, it is concluded that based on the results of the F test it is known that transfer pricing, tax haven, foreign ownership and sales growth with control variables of profitability, leverage and firm size simultaneously affect tax avoidance in the research sample of non-financial multinational companies listed on the IDX for the period 2018-2022. Meanwhile, based on the partial test results of each variable in the research sample of non-financial multinational companies listed on the IDX for the 2018-2022 period on tax avoidance, it is known that transfer pricing has a negative influence on tax avoidance. Fixed asset intensity has a positive impact on tax avoidance. Sales growth does not influence tax avoidance. This study also shows that the control variables profitability and firm size affect tax avoidance, while leverage does not affect tax avoidance.

Suggestions for future researchers in the field of tax avoidance include: (1) Future researchers should extend the research period to more than 10 years to achieve better research results; (2) Future researchers can expand the variables in the research model; (3) Future researchers can consider other independent variables that have an impact on tax avoidance, such as audit committee and thin capitalization. This study concludes that it is very important to closely supervise non-financial multinational companies in Indonesia against tax avoidance practices carried out by related authorities such as the tax office so that this has an impact on the need for technical capabilities for tax officers who take action to detect tax avoidance carried out by companies.

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