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The Effect of Transfer Pricing, Sales Growth, and Leverage on Tax Avoidance with Company Size as a Moderating Variable

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Abstract: This study uses company size as a moderating variable to examine how transfer pricing, sales growth, and leverage have an effect on tax avoidance. Manufacturing firms that were listed on the Indonesia Stock Exchange (BEI) in 2018 to 2022 make up the study's population. Fifty four firms were decided on as samples for this examine the usage of the purposive sampling approach. the use of SPSSv25 software program, moderated regression analysis (MRA) become used to analyse the statistics. The findings indicate that even as transfer pricing has no discernible impact on tax avoidance, sales growth and leverage have a positive effect. Furthermore, whilst company size can moderate the effect of leverage and sales growth on tax avoidance, it has no affect on the impact of transfer pricing.

Keyword: Transfer Pricing, Sales Growth, Leverage, Tax Avoidance, & Company Size.

INTRODUCTION

According to Siahaan (2013), taxes are fiscal obligations imposed by the government on the public in accordance with legally binding laws, and are payable without direct counterparty. It is explained in Mardiasmo (2016), that state revenue revenue comes from three sources, namely tax revenue, non-tax revenue (PNBP) and grants. According to figures provided by the Central Statistics Agency, taxes account for 79.02% of state revenue in 2022 (www.bps.go.id). In line with those records, government earnings from the tax sector accounts for the most important percentage of country income whilst compared to other sources of growth. Therefore, taxes are very important for the country.

Firms don't always react well to the government's execution of tax collection. This is due to a struggle of interest between the government which wants high and sustainable tax revenues, and companies which are one of the parties that provide significant tax contributions. The company considers tax liabilities as a financial burden that can reduce its net growth. To develop legal and safe strategies to reduce tax burdens, companies must find approaches that comply with current tax regulations and do not violate tax regulations (Yulianty et al., 2021). There is some need to encourage taxpayers to show a tendency to reduce the amount of their tax payments. The act of minimizing tax liabilities in a legal way is called tax avoidance, while in a way that violates the law is called tax evasion (Mayasari, 2017).

Tax avoidance is the act of avoiding taxes in a legal and wise manner to ensure compliance with tax regulations and avoid conflicts. This involves the use of strategies and tactics that exploit vulnerabilities in tax regulations (Pohan, 2016). Tax avoidance is often considered unprofitable by tax authorities, even though they have complied with tax regulations, because their position is in the area of tax regulations that are unclear and do not violate the law. However, tax avoidance can cause a decrease in government revenues, especially in the field of taxation, resulting in a state financial deficit. The company takes this action based on the belief that tax obligations are the same as a burden for the company. Therefore, companies will develop and implement solutions that comply with the law and are safe, which purpose to reduce the tax burden without violating tax guidelines (Yulianty et al., 2021).

Tax avoidance scandals have passed off in 2013 to 2015, in step with a report from the Tax Justice network entitled Ashes to Ashes: How British American Tobacco avoided Taxes in Low- and middle-income international locations in 2019, PT Bentoel Internasional Investama Tbk. avoided taxes by moving part of its profits from Indonesia through loans with related party companies from 2013 to 2015. According to the report, Bentoel often asked for loans from an affiliated company in the Netherlands called Rothmans Far East BV from 2013 to 2015. The company did not have an official deed and did not have many employees. PT Bentoel also avoids taxes by paying back fees, royalties and services to the UK (Cobham et al., 2020). With this loan, Bentoel is obliged to pay a total interest of IDR 2.25 trillion, equivalent to US$ 164 million. As we know, interest is one of the components that can be deducted from taxable income. Interest payments made by PT Bentoel in detail amounted to US$ 6.3 million in 2013, US$ 43 million in 2014, US$ 68.8 million in 2015, and US$ 45.8 million in 2016. From utilization interest on these loans, Indonesia loses US$ 11 million in income every year from taxes (Kontan, 2019).

Agency Theory is used in this study to explain the issues it raises. The contractual link between management (agent) and corporate ownership (principal) is explained by the fundamental theory of agency (Jensen & Meckling, 1976). Companies engage in tax avoidance in a variety of ways; in this study, transfer pricing, sales growth, and leverage factors are thought to have an impact on tax avoidance. Additionally, a moderating component that will either improve or diminish the relationship between transfer pricing, sales growth, or leverage and tax avoidance is the company's size.

In accordance with PER - 32/PJ/2011 issued by the Director General of Taxes Regulation, transfer pricing is the cost of transactions involving parties having a unique relationship. The arm's length principle must be followed by firms engaging in intercompany transactions in order to stop tax avoidance. Profits are transferred between firms with unique relationships when the transfer price does not follow the concept. Certain parties' use of transfer pricing transactions may provide managers with a way to evade paying taxes.

Sales growth is an growth in agency income from year to year that can describe the level of employer profitability (Manrejo et al., 2023). According to Setiyanto & Nurzilla (2019) the smoothness of sales determines the success of a company's business, and the level of sales success of a company can be shown from sales growth can get high profits, which means that the taxes earned are greater for the company.

Leverage is how firms use assets and money to have fixed costs (fixed expenses) (Kasmir, 2013). Investors evaluate leverage to assess a company's capacity, and the more risky corporate debt is, the higher the risk investors incur. In the meanwhile, firms with high tax liabilities frequently take out loans to lower their taxable income. According to Ernawati et al. (2019), firms with large tax obligations will opt to incur debt in order to lower their taxes.

A company's size may be determined by means of elements like general assets, overall revenue, average overall property, and common overall sales. A company's size and the number of transactions it conducts increase with its asset base. This may enable firms to attempt tax

avoidancc by using current loopholes (Khamisan & Astuti, 2023). In order to ascertain whether company size will strengthen or decrease the implementation of tax avoidance policies, researchers employ company size as a moderating variable.

METHOD

Quantitative approaches are used in this study. Manufacturing firms registered on the Indonesia Stock Exchange (BEI) in 2018 to 2022 make up the research's population. Purposive sampling was the approach used to obtain the samples for this study, namely a sampling technique that specifically targets individuals who have the desired information, either because they have the ability to select information or because they meet the criteria set by the researcher (Sekaran & Bougie, 2019). Secondary data is used in this study. The SPSS v25 software was used in this researsh. A number of steps will be taken in the analysis of the gathered data. Descriptive statistics and traditional assumption tests will be used to assess the data. Initially, descriptive statistics were used to ascertain the data's distribution. The viability of the regression model is then evaluated using a traditional assumption test, and moderate regression analysis (MRA) will be employed to test the research hypothesis.

The study's independent variables are leverage, as determined through the Debt-To-Fairness Ratio (DER), income boom, as determined by using the ratio of present day sales to sales from the previous year, and transfer pricing, as decided by way of the ratio of related-party receivables to overall receivables. Tax avoidance, as decided via multiplying the Effective Tax Rate (ETR) by way of -1, is the look at's dependent variable. Company size, as decided via the natural logarithm of overall assets, serves because the observe's moderating variable. This study also adds control variables, namely total receivables, total sales, and total equity for the current year. Control variables are useful for reducing bias or minimizing external influences that can affect the relationship between the variables being tested, so that researchers can obtain more accurate and valid results. There are 3 models of multiple linear regression model moderation (MRA) in this study which are formulated as follows:

$$TA = \alpha + \beta^1 TP + \beta^2 SIZE + \beta^3 TP*SIZE + \beta^4 AR + \beta^5 SALES + \beta^6 EQUITY + e \quad (I)$$

$$TA = \alpha + \beta^1 SG + \beta^2 SIZE + \beta^3 SG*SIZE + \beta^4 AR + \beta^5 SALES + \beta^6 EQUITY + e \quad (II)$$

$$TA = \alpha + \beta^1 LEV + \beta^2 SIZE + \beta^3 LEV*SIZE + \beta^4 AR + \beta^5 SALES + \beta^6 EQUITY + e \quad (III)$$

Description:

TA = Tax Avoidance
TP = Transfer Pricing
SG = Sales Growth
LEV = Leverage
SIZE = Company Size
AR = Total Receivables
Sales = Total Sales
Equity = Total Equity
α = Constant
β = Regression Coefficient
e = Error

RESULTS AND DISCUSSION

Result

Descriptive Statistics

The minimum, maximum, mean (average), and standard deviation values that characterize the statistics of each of the variables utilized in this study are found using descriptive statistics analysis. It is evident that each variable's average value is higher than its

standard deviation, indicating that the data is very uniform or homogeneously distributed, meaning that there is little difference between the data from one organization and that from another. The data demonstrates that the outcomes are rather good since the standard deviation reflects extremely high storage, ensuring that the data distribution is normal and free of bias.

Table 1. Descriptive Statistics Results for Each Variable

Descriptive Statistics								
	TP	SG	LEV	SIZE	TA	AR	SALES	EQUITY
Minimum	0,3102	0,5775	0,5404	1,2532	0,4007	1,8882	1,9113	1,9962
Maximum	0,8853	1,7388	1,2858	2,9726	0,5957	2,3434	2,3991	2,4187
Mean	0,5260	1,0342	0,8337	2,1147	0,4830	2,1010	2,1597	2,2082
Std. Deviation	0,1641	0,1039	0,2192	0,3238	0,0320	0,1814	0,1946	0,1741
Valid N (listwise)								

Source: Output SPSS 25, 2024

Autocorrelation Test

After determining the dL and dU values by examining the DW table at α = 5% with the number of sample observations (n) = 270 and the number of variables (k) = 4, Table 2 indicates that the durbin Watson value is 1.863. The dU limit is 1.84606. The value of dU < DW < (4 - dU) = 1.84606 < 1.863 < 2.15394 is determined by the DW table. These findings support the conclusion that autocorrelation does not exist.

Table 2. Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.497[a]	0,247	0,227	0,0281334	1,863

a. Predictors: (Constant), EQUITY, TP, LEV, SG, SIZE, AR, SALES
b. Dependent Variable: TA

Source: Output SPSS 25, 2024

Heteroscedasticity Test

To see the symptoms of heteroscedasticity in this study, namely using the Glejser test. Table 3 shows that the Sig. results on each variable are greater than 0.05, which means that these results indicate that all independent variable data do not experience heteroscedasticity.

Table 3. Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,021	0,016		1,356	0,176
	TP	-0,004	0,006	-0,047	-0,742	0,459
	SG	0,005	0,010	0,033	0,515	0,607
	LEV	-0,002	0,005	-0,025	-0,395	0,693
	SIZE	0,003	0,003	0,064	0,975	0,331
	AR	-0,014	0,015	-0,159	-0,933	0,352
	SALES	-0,014	0,015	-0,175	-0,950	0,343
	EQUITY	0,024	0,015	0,267	1,630	0,104

a. Dependent Variable: ABS_RES

Source: Output SPSS 25, 2024

Coefficient of Determination Test

According to Table 4, models I, II, and III have modified R-squared values of 0.180, 0.204, and 0.212, respectively. This indicates that 18%, 20.4%, and 21.2% of the variation may be explained by the independent variables, with the remaining portion being impacted by additional factors not covered in the study.

Table 4. Model I, II, and III Coefficient of Determination Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.445[a]	0,198	0,180	0,0289784
2	.471[a]	0,222	0,204	0,0285541
3	.479[a]	0,230	0,212	0,0284108

Source: Output SPSS 25, 2024

Goodness-of-Fit Test

Table 5 indicates the results of the Goodness-of-fit check, it may be seen that each model has a importance value of 0.000. This figure is smaller than 0.05 so it can be concluded that all models are feasible to continue.

Table 5. Model I, II, and III Goodness-of-Fit Test

ANOVA[a]

Model	F	Sig.
1	10,852	.000[b]
2	12,490	.000[b]
3	13,059	.000[b]

Source: Output SPSS 25, 2024

Hypothesis Test Result

Regression Model I

Transfer pricing has a significance value of 0.783 on tax avoidance, which is higher than the 5% significant level, according to table 6. This makes it impossible to accept hypothesis 1, which claims that transfer pricing significantly influences tax avoidance. With a significance value of 0.425 for the interaction variable between transfer pricing and firm size, it can be said that the latter cannot moderate the impact of transfer pricing on tax avoidance. Based on this, the hypothesis 4 is rejected.

Table 6. Model I Hypothesis Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,441	0,046		9,648	0,000
	TP	-0,020	0,074	-0,104	-0,276	0,783
	SIZE	0,021	0,021	0,214	1,025	0,306
	TP*SIZE	0,028	0,034	0,333	0,800	0,425
	AR	-0,044	0,026	-0,252	-1,699	0,090
	SALES	-0,059	0,027	-0,361	-2,164	0,031
	EQUITY	0,090	0,027	0,490	3,356	0,001

a. Dependent Variable: TA

Source: Output SPSS 25, 2024

Based on the results of data processing in table 6, it is then entered into the multiple linear regression equation model as follows:

1. The established variable will rise by using 0.441 if the unbiased variable is zero (zero) or nonexistent (constant), as may be visible from the constant value of zero.441.
2. The transfer pricing (TP) variable has a bad coefficient value of -zero.020, which means that on every occasion TP will increase through 1 point, tax avoidance will lower through -zero.020, presenting that the other impartial variables remain regular.
3. TP*SIZE, the interaction variable among transfer pricing and company size, has a coefficient value of 0.028, which has a effective value meaning that each 1 point increase inside the interplay between transfer pricing and size will growth tax avoidance with the aid of -0.028.

Regression Model II

Table 7 shows the significance value of sales growth on tax avoidance is 0,024 which is smaller than 5% significant level. based on this, the hypothesis 2 which states that income increase has a substantial effect on tax avoidance can be commonplace. Then, the interaction variable among sales growth and company size has a significance value of 0,0.5, it is able to be concluded that firm size can make stronger the effect of income growth on tax avoidance. primarily based on this, the hypotesis five is accetpted.

Table 7. Model II Hypothesis Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
2	(Constant)	0,711	0,118		6,023	0,000
	SG	0,257	0,114	0,836	2,268	0,024
	SIZE	0,120	0,053	1,210	2,265	0,024
	SG*SIZE	0,142	0,050	2,069	2,852	0,005
	AR	-0,029	0,025	-0,162	-1,121	0,263
	SALES	-0,058	0,027	-0,351	-2,133	0,034
	EQUITY	0,074	0,026	0,405	2,838	0,005

a. Dependent Variable: TA

Source: Output SPSS 25, 2024

Primarily based at the results of statistics processing in table 7, it's far then entered into the a couple of linear regression equation model as follows:

1. The dependent variable will rise by 0.711 if the independent variable is 0 (zero) or nonexistent (constant), as can be seen from the constant value of 0.711.
2. The sales growth (SG) variable's coefficient value is 0.257, which is positive. This indicates that, if the other independent variables remain constant, every time SG increases by 1 point, tax avoidance will rise by 0.257.
3. The interaction variable between income increase and firm size (SG*SIZE) has a positive coefficient fee of 0.142, implying that for every unit growth within the interaction among sales growth and company size, tax avoidance will rise by means of -0.142.

Regression Model III

Table 8 shows the significance value of leverage on tax avoidance is 0,001 which is smaller than 5% significant level. This makes it possible to accept hypothesis 3, which claims that leverage significantly influences tax avoidance. Consequently, it can be stated that firm size can decorate the effect of leverage on tax avoidance, because the interaction variable between leverage and company size has a significance value of 0.000. This leads to the acceptance of hypothesis 6.

Table 8. Model III Hypothesis Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
3	(Constant)	0,552	0,046		12,074	0,000
	LEV	0,154	0,048	1,053	3,227	0,001
	SIZE	0,038	0,020	0,380	1,907	0,058
	LEV*SIZE	0,082	0,022	1,445	3,812	0,000
	AR	-0,005	0,026	-0,027	-0,185	0,853
	SALES	-0,070	0,027	-0,427	-2,610	0,010
	EQUITY	0,070	0,027	0,382	2,639	0,009

a. Dependent Variable: TA

Source: Output SPSS 25, 2024

Primarily based on the effects of information processing in table 8, it's far then entered into the more than one linear regression equation version as follows:

1. The constant value is 0.552, which means that if the independent variable is 0 (zero) or does not exist (constant) then the dependent variable will increase by 0.552.
2. The coefficient value of the leverage variable (LEV) is 0.154 which has a poor fee which means that that on every occasion there is an boom of one factor in leverage (LEV) assuming the other impartial variables have a set fee, it will increase tax avoidance by 0.154.
3. The coefficient value of the interaction variable between leverage and company size (LEV*SIZE) is 0.082, which has a negative value meaning that every 1 point decrease in the interaction between leverage and company size will increase tax avoidance by 0.082.

Discussion

The Effect of Transfer Pricing on Tax Avoidance

The first hypothesis is rejected based totally on the SPSS output above, which indicates that transfer pricing does no longer appear to have a prime effect on tax avoidance. The possibility value of 0.783 is higher than the 5% mistakes threshold. The Advance Pricing Agreement (APA), a transaction pricing agreement among the Directorate trendy of Taxes and taxpayers, provides a method of resolving transfer pricing disputes. It stipulates that the Directorate General of Taxes and taxpayers agree to apply the arm's length principle to determine the fair charge of transactions with affiliated firms or people with special relationships, through freeing Minister of Finance regulation variety 7/PMK.03/2015, which was amended to Law No. 172 of 2023 of the Minister of Finance on the use of the arm's length principle in associated related parties transactions (Hasanudin et al., 2022).

This study' findings is support those of Hasanudin et al. (2022) and Khamisan & Astuti (2023), who found no connection between transfer pricing and tax avoidance. This study' findings, however, contradict those of Astrina et al. (2022)’s reasearch, which found that transfer pricing influences tax avoidance.

The Effect of Sales Growth on Tax Avoidance

By examining the probability value of 0.024, which is less than the 5% error threshold, and the T_{count} value greater in the positive direction of 2.268 > T_{table} 1.96905, the SPSS output above shows that sales growth does have a main effect on tax avoidance. The second one speculation is accordingly customary considering that it is able to be inferred that the income boom variable drastically reduces tax avoidance. Increased sales show that the business can maximize its marketing and operational efforts, which directly improves its financial success. As a result, firms that see a rise in sales also typically see an increase in recorded sales volume and profits. However, the company's tax obligations will likewise rise in tandem with the rise

in profits. In this scenario, firms that see a sharp rise in sales will have to pay more in taxes. Companies frequently use tax avoidance strategies to lower the high tax burden. (Wahyuni et al., 2019),

This study' findings is support those of Wahyuni et al. (2019), who found that tax avoidance is influenced by sales growth. This study' findings, however, contradict those of Astrina et al. (2022) and Sriyono & Andesto (2022), who found no connection between tax avoidance and sales growth.

The Effect of Leverage on Tax Avoidance

Based on the result of SPSS output above, it appears that leverage does significantly affect tax avoidance by looking at the probability value of 0.001, which is smaller than 5% error level and T_{count} value greater in the positive direction of 3.227 > T_{table} 1.96905. The third hypothesis is thus accepted since it can be inferred that the leverage variable significantly reduces tax avoidance. Regulation Number 36 of 2008 concerning the Fourth modification to Regulation Number 7 of 1983 concerning Income Tax and Law Number 7 of 2021 concerning Harmonization of Tax Policies, which nation that mortgage interest consists of expenses which can be without delay or not directly related to enterprise sports that may be deducted (deductible rate) against taxable income, are the tax policies that the organization will exploit. The company's taxable earnings will drop as a result of deductible interest expenses. In the end, the decrease in taxable profit will lower the tax that the business has to pay. (Widyastuti et al., 2022).

According to this study' findings, leverage has an impact on tax avoidance, which is consistent with the findings of Mulyati et al. (2019), Widyastuti et al. (2022), and Wahyuni et al. (2019). Nevertheless, this study' findings contradict those of studies by Sriyono & Andesto (2022) and Lestari & Setiawati (2023), which claim that leverage has no bearing on tax avoidance.

The Effect of Transfer Pricing on Tax Avoidance with Company Size as a Moderating Variable

The fourth hypothesis can be rejected because, according to the SPSS output above, the probability value of 0.425, which is higher than the 5% error threshold, suggests that firm size cannot moderate the impact of transfer pricing on tax avoidance. The government will focus on big firms when it comes to taxes that need to be paid, and the people will not ignore them. The public will see the performance of relatively large companies, which makes the companies alert so that they no longer have the motivation to do transfer pricing. Large companies will receive higher pressure from stakeholders, because any action taken by large companies is considered vital by investors. for big firms to follow tax laws and exercise caution when deciding how much to pay in taxes. (Khamisan & Astuti, 2023).

This study' findings are steady with the ones of studies by means of Hasanudin et al. (2022) and Khamisan & Astuti (2023), which observed that the affiliation between transfer pricing and tax avoidance can not be moderated through the frim size. However, this study's findings contradict those of Komara et al. (2022), who located that the affiliation between transfer pricing and tax avoidance may be moderated by way of the scale of the employer.

The Effect of Sales Growth on Tax Avoidance with Company Size as a Moderating Variable

Looking at the probability value of 0.005, which is less than the 5% error threshold, and the T_{count} value greater in the positive directin of 2.852 > T_{table} 1.96905, the SPSS output above suggests that firm size can increase the impact of sales growth on tax avoidance. Therefore, the fifth hypothesis is accepted since it can be inferred that the interaction variable between sales growth and firm size significantly improves tax avoidance. Because they have more resources

to implement more intricate and effective tax planning, large corporations are more prone to engage in tax avoidance. These resources allow large companies to take advantage of available tax incentives, so companies with high sales growth will be more encouraged to engage in tax avoidance. On the contrary, small companies tend not to have sufficient resources to implement more complicated tax avoidance strategies, even though they also experience sales growth (Lestari & Setiawati, 2023).

This study' findings are consistent with those of Lestari & Setiawati's (2023) research, which found that the relationship between tax avoidance and sales growth might be moderated by the size of the company. This study' findings, however, contradict those of Cindy & Ginting (2022) and Sriyono & Andesto (2022), who found that the association between tax avoidance and sales growth cannot be moderated by the size of the company.

The Effect of Leverage on Tax Avoidance with Company Size as a Moderating Variable

Because the possibility value of 0.000 is much less than the 5% errors stage and the T_{count} value is more inside the fine direction of 3.812 > T_{table} 1.96905, it seems that company size can beef up the impact of leverage on tax avoidance, according to the SPSS output above. therefore, the sixth speculation is popular as it shows that the interplay variable among leverage and enterprise size has a great nice effect on tax avoidance. big companies normally have greater monetary resources and the potential to manipulate debt higher and extra effectively. Due to the larger scale of operations, companies can more easily access capital markets and obtain debt at lower interest rates. As a result, they have more chances to maximize their tax planning and benefit from tax deductions for debt interest. Furthermore, big firms may more readily balance the tax advantages and associated financial expenses since they are frequently better equipped to handle the risks associated with using debt. (Saputra & Suwandi, 2017).

This study' findings are constant with those of research by Saputra & Suwandi (2017) and Suyanto & Kurniawati (2022), which determined that the connection between leverage and tax avoidance can be moderated via the size of the firm. The findings of this have a look at, but, contradict the ones of Monica et al. (2023) and Sriyono & Andesto (2022), who found that the relationship among leverage and tax avoidance can not be moderated by using the scale of the enterprise.

CONCLUSION

This examine uses firm size as a moderating variable to research how transfer pricing, sales growth, and leverage affect tax avoidance. agencies inside the production sector that have been listed at the Indonesia stock change between 2018 and 2022 make up the populace of this have a look at. The findings indicated that while sales growth and leverage have a beneficial impact on tax avoidance, transfer pricing has no effect at all. While company size can increase the impact of sales growth and leverage on tax avoidance, it does not moderate the effect of transfer pricing.

One of the study's limitations is that only 18% to 21% of the variation can be accounted for by independent variables, suggesting that there may be more, unanalyzed factors influencing tax avoidance. Furthermore, the data used in this study had trouble testing traditional assumptions, therefore techniques or data treatment that could influence the outcomes of hypothesis testing must be applied.

Based on the results of this study, some suggestions for future research are that researchers can expand the variables tested, increase the number of years of observation, and expand the research sample outside manufacturing companies to produce more representative findings on tax avoidance. In addition, researchers are also advised to use other measurement methods, such as Book Tax Differences (BTD), Cash Effective Tax Rates (CETR), or Tax

Planning (Taxplan), in addition to ETR (Effective Tax Rate), to get a more comprehensive picture of corporate tax avoidance.

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