Tax Avoidance Behavior in Manufacturing Firms

Sophia Puspita Ningrum[1]
Junaidi[2]
Yunus Indra Purnama[3]
Fran Sayekti[4]
[1,2,3,4] Faculty of Economics and Business, Universitas Teknologi Yogyakarta, Indonesia
Correspondences* **: junaidi.uty. ac.id

ABSTRACT

Tax avoidance is a legal strategy used by companies to reduce tax burdens by utilizing provisions and loopholes in tax regulations. This practice has drawn attention because it can reduce government tax revenues, particularly in manufacturing firms that often have greater opportunities for tax efficiency. This study examines the effect of transfer pricing, capital intensity, and inventory intensity on tax avoidance in manufacturing companies listed on the Indonesia Stock Exchange during 2020–2024. The study uses a quantitative approach with secondary data obtained from financial statements and annual reports. Samples were selected using purposive sampling, resulting in 37 companies with 185 observations. Data were analyzed using multiple linear regression with SPSS version 25. The results show that capital intensity has a significant effect on tax avoidance, while transfer pricing and inventory intensity have no significant effect. These findings provide insights for the Directorate General of Taxes to strengthen supervision of capital-intensive companies.

Keywords: Capital intensity; Inventory intensity; Tax avoidance; Transfer pricing

Perilaku Penghindaran Pajak di Perusahaan Manufaktur

ABSTRAK

Tax avoidance merupakan strategi legal yang digunakan perusahaan untuk meminimalkan beban pajak dengan memanfaatkan ketentuan dan celah regulasi perpajakan. Praktik ini menjadi perhatian karena berpotensi menekan penerimaan negara, terutama pada perusahaan manufaktur yang memiliki peluang efisiensi pajak lebih besar. Penelitian ini bertujuan menganalisis pengaruh transfer pricing, capital intensity, dan inventory intensity terhadap tax avoidance pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia periode 2020–2024. Penelitian menggunakan pendekatan kuantitatif dengan data sekunder dari laporan keuangan dan laporan tahunan perusahaan. Sampel ditentukan melalui purposive sampling dan menghasilkan 37 perusahaan dengan 185 observasi. Analisis dilakukan menggunakan regresi linear berganda dengan bantuan SPSS versi 25. Hasil penelitian menunjukkan bahwa capital intensity berpengaruh signifikan terhadap tax avoidance, sedangkan transfer pricing dan inventory intensity tidak berpengaruh signifikan. Temuan ini memberikan masukan bagi Direktorat Jenderal Pajak dalam memperkuat pengawasan pada perusahaan padat modal.

Kata Kunci: *Intensitas kapital; Intensitas persediaan; Penghindaran pajak, harga transfer*

e-ISSN 2302-8556

Vol. 36 No. 2
Denpasar, 28 Februari 2026
Hal. 440-452

DOI:
10.24843/EJA.2026.v36.i02.p13

PENGUTIPAN:
Ningrum, S. P., Junaidi., Purnama. Y. I., & Sayekti, F. (2025). Tax Avoidance Behavior in Manufacturing Firms. *E-Jurnal Akuntansi*, 36(2), 440-452

RIWAYAT ARTIKEL:
Artikel Masuk:
14 Desember 2025
Artikel Diterima:
16 Februari 2026

INTRODUCTION

Tax is positioned as one of the state's primary revenue sources to finance development, deliver public services, and sustainably enhance social welfare. Accordingly, optimal tax compliance by both individuals and business entities is widely regarded as a critical foundation for fiscal sustainability. Nevertheless, in practice, many firms continue to adopt lawful strategies to minimize their tax burden, one of which is tax avoidance, whereby loopholes in tax regulations are exploited (Suriaman, 2021).

Tax avoidance is defined as a firm's legally permissible effort to reduce tax liabilities without violating statutory provisions; it is typically undertaken by leveraging specific rules or regulatory ambiguities to decrease the amount of tax payable (Ayuningtyas & Sujana, 2018). This phenomenon carries serious implications for potential government revenue, particularly in the manufacturing sector, which is characterized by large-scale operations and complex inter-entity transactions. Complex supply chains, related-party transactions, and large fixed-asset investments in the industrial sector provide structural opportunities for tax planning techniques like depreciation-based tax management and transfer pricing agreements.

From an internal corporate perspective, several determinants have been identified as influencing tax avoidance practices, including transfer pricing policies, capital intensity, and inventory intensity. Transfer pricing refers to pricing arrangements for transactions between related entities that may be misused to shift profits (Santoso, 2023). Capital intensity reflects the proportion of investment in fixed assets, which affects depreciation expenses and, indirectly, reduces taxable income (Kumalasari & Wahyudin, 2020). Meanwhile, inventory intensity represents the extent to which corporate assets are allocated to inventories; this may influence storage costs and inventory valuation, which ultimately affects tax liabilities (Wulansari, 2020).

Theoretically, agency theory posits that conflicts of interest arise between management (agents) and company owners or the government (principals), motivating managers to maximize net income by reducing tax expenses (Jensen & Meckling, 1976). In addition, the theory of planned behavior (Ajzen, 1985) suggests that managerial decisions to engage in tax avoidance are also shaped by intentions, subjective norms, and perceived behavioral control.

The novelty of this study lies in re-examining the effects of transfer pricing, capital intensity, and inventory intensity on tax avoidance during the most recent period of 2020–2024, which remains underexplored among Indonesian manufacturing firms in the post–COVID-19 context. Post-pandemic economic dynamics are believed to have prompted adjustments in firms' tax management strategies; therefore, empirical findings may reveal patterns that differ from those reported in earlier studies (Efrinal & Chandra, 2020; Pratama & Larasati, 2021). A crucial post-COVID-19 recovery phase, the 2020–2024 timeframe is marked by fiscal stimulus, adjustments to corporate tax rates under the Omnibus Law on Tax Regulation Harmonization (UU HPP 2021), and more stringent requirements for transfer pricing paperwork. Previous empirical findings may not be as directly

applicable to the current institutional environment due to changes in business tax planning behavior brought about by these legislative and economic changes.

This research is expected to enrich the literature on tax avoidance by providing up-to-date empirical evidence and offering practical insights for policymakers and tax authorities in designing more effective oversight and regulation. In particular, the findings may inform efforts to anticipate transfer pricing practices, fixed-asset management strategies, and inventory intensity mechanisms that could potentially be used as channels for tax avoidance. Ultimately, the results are expected to contribute to strengthening corporate tax compliance in Indonesia. The following section reviews relevant theories and prior empirical studies to provide a foundation for developing the study's hypotheses.

Several theories and concepts underpin the development of this study's hypotheses, namely agency theory, the theory of planned behavior, compliance theory (tax compliance), tax avoidance, and transfer pricing. The conceptual framework of this study can be illustrated as follows.

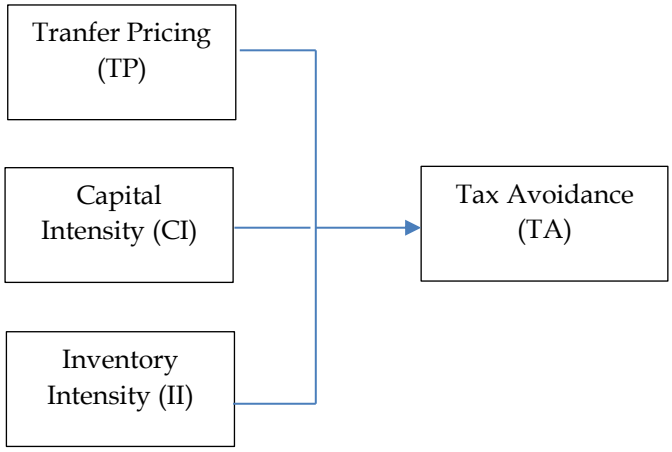

Figure 1. The conceptual framework

Source: Research Data, 2024

With respect to agency theory, Jensen & Meckling (1976) conceptualize an agency relationship as a contractual arrangement between managers and shareholders. Such a relationship may generate problems between contracting parties due to divergent objectives between shareholders and management. Agency theory is closely linked to tax avoidance because it examines the interaction between owners and managers who are responsible for operational decision-making. Within this framework, the principal refers to shareholders or investors, whereas the agent refers to managers entrusted with running the firm. The theory emphasizes that this relationship is established through contractual agreements, under which agents are granted authority to make decisions to achieve corporate objectives, including profit maximization. However, conflicting interests may be reflected in managerial decisions regarding tax planning, including the adoption of tax avoidance strategies aimed at reducing the firm's tax burden.

This study also adopts the theory of planned behavior proposed by Ajzen (1985). The theory posits that an individual's behavior is fundamentally determined by the intention to perform that behavior. Such intention is shaped by three key components: attitude toward the behavior, subjective norms (i.e., perceived social pressure), and perceived behavioral control (i.e., the perceived ability to perform the behavior).

Furthermore, compliance theory, as articulated in Milgram (1963), explains a condition in which individuals comply with commands or established rules. The sociological literature commonly distinguishes two perspectives on legal compliance: the instrumental perspective and the normative perspective.

Tax avoidance refers to efforts to reduce tax liabilities legally without violating tax laws. This practice is considered to exploit gaps or ambiguities in tax regulations to minimize tax payments, although it may expose firms to substantial risks, including sanctions, penalties, and reputational damage (Ayuningtyas & Sujana, 2018). One approach to measuring tax avoidance is the effective tax rate (ETR). ETR is used because it indicates the amount of tax paid as a proportion of economic income.

Transfer pricing is a corporate policy for determining transfer prices, including prices for services, goods, intangible assets, and financial transactions conducted with related parties (Santoso, 2023). Transfer pricing may positively affect tax avoidance. This may occur because multinational firms can engage in tax avoidance by reallocating resources or shifting income to subsidiaries located in countries with lower tax rates than Indonesia.

Based on agency theory, the relationship between owners and managers creates the potential for conflicts of interest. In the context of transfer pricing, management may be incentivized to use transfer pricing arrangements to reduce the firm's tax burden. As agents appointed by principals to oversee corporate assets and performance, managers are expected to deliver satisfactory returns to principals. Consequently, firms may shift profits to lower-tax jurisdictions through related-party transactions, thereby creating opportunities for tax avoidance. Empirical evidence reported by Yohana et al. (2022), Sari & Ajengtiyas (2021), and Suwaldiman & Zahra (2025) indicates that transfer pricing has a positive and significant effect on tax avoidance. In contrast, Pratama & Larasati (2021) and Ramadhani et al. (2024) find that transfer pricing does not affect tax avoidance. Based on the foregoing discussion, the following hypothesis is proposed:

H_1: Transfer pricing has a positive effect on tax avoidance.

Capital intensity reflects the extent to which a firm invests its resources in fixed assets. From a business perspective, fixed assets are essential for supporting productivity and generating higher profits. However, ownership of fixed assets gives rise to annual depreciation expenses. Because depreciation is generally deductible from income, it can reduce taxable income and thereby affect the firm's tax liability. Accordingly, a higher level of capital intensity may be associated with greater incentives and opportunities for tax avoidance, as larger depreciation charges can lower the amount of corporate tax payable.

Within the agency theory framework, managers (agents) may exploit the composition and management of fixed assets to facilitate tax avoidance through

aggressive depreciation recognition or through the strategic management of fixed assets across business entities. Because principals do not always possess detailed information regarding such decisions, information asymmetry may give rise to moral hazard, whereby managers pursue tax strategies that serve their private interests rather than solely maximizing shareholder value. In addition, under the theory of planned behavior, when management perceives strong control over the firm's fixed-asset structure and believes that depreciation can be used to reduce taxable income (control beliefs), and when such practices are perceived as common and subject to minimal social pressure (normative beliefs), the intention to engage in tax avoidance may increase. Thus, capital intensity can function as a deliberate channel through which tax avoidance is planned and executed.

Empirically, Efrinal & Chandra (2020) and M. R. Sari & Indrawan (2022) report that capital intensity has a positive effect on tax avoidance. This suggests that firms with higher capital intensity tend to exhibit stronger tax avoidance behavior, as substantial investment in fixed assets generates greater depreciation expenses that reduce accounting profit and, consequently, taxable income. In contrast, Pratama & Larasati (2021), and Hermanto & Puspita (2022) find no significant effect of capital intensity on tax avoidance. Based on the foregoing arguments, the following hypothesis is proposed:

H_2: Capital intensity has a positive effect on tax avoidance**.**

Inventory intensity, or inventory asset intensity, is one component of a firm's asset structure and is commonly measured as the ratio of total inventory to total assets. Firms with high inventory intensity are often associated with higher effective tax rates (ETR). This is because investment in inventory does not provide the same tax-deductible benefits as high capital intensity, where depreciation expense can reduce taxable income (Wulansari, 2020). As inventory holdings increase, firms tend to incur higher maintenance and storage costs, which raise operating expenses. Higher expenses reduce pre-tax income and, consequently, lower the corporate tax payable. Therefore, an increase in the inventory intensity ratio may provide firms with greater scope to utilize inventory-related costs as a channel for tax avoidance.

From the perspective of the theory of planned behavior, managers may believe that high inventory levels create opportunities to manage earnings through inventory valuation methods (e.g., FIFO), which may affect reported income and potentially reduce taxable income; this reflects behavioral beliefs. In addition, larger inventory positions are typically accompanied by greater storage and handling costs, which increase expenses, reduce pre-tax profit, and ultimately decrease tax liabilities. Thus, higher inventory intensity can be intentionally leveraged to facilitate tax avoidance through both accounting choices and operational cost structures.

Empirical evidence reported by Nafhilla (2022) and Fazilah et al. (2024) indicates that inventory intensity has a positive effect on tax avoidance, suggesting that firms with greater inventory intensity are more likely to engage in tax avoidance practices. In contrast, Izzati & Riharjo (2022) and Amri & Subadriyah (2023) find that inventory intensity does not have a significant effect on tax

avoidance. Based on the foregoing discussion, the following hypothesis is proposed:

H_3: Inventory intensity has a positive effect on tax avoidance.

RESEARCH METHOD

This study seeks to examine whether transfer pricing, capital intensity, and inventory intensity affect tax avoidance. The study population comprises companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The sample was selected using purposive sampling based on predetermined criteria. The sampling criteria were as follows: (1) manufacturing firms listed on the IDX during the 2020–2024 observation period; (2) firms that consistently published complete annual financial statements and/or annual reports throughout the study period; and (3) firms with the data required to compute all research variables (ETR as a proxy for tax avoidance, TP, capital intensity, and inventory intensity), allowing the observations to be processed without missing values. Based on these criteria, 37 firms were included, yielding a total of 185 firm-year observations. Quantitative secondary data were collected from firms' annual financial statements and annual reports. The analysis employed descriptive statistics, classical assumption tests, and hypothesis testing to assess the relationships among the study variables, using Statistical Package for the Social Sciences (SPSS) version 25.

Tax avoidance refers to legally permissible efforts undertaken by individual or corporate taxpayers to minimize the tax burden borne. This approach is typically carried out by exploiting weaknesses in tax laws and taking advantage of regulatory gaps or areas not explicitly governed by tax legislation. One common method for measuring tax avoidance is the Effective Tax Rate (ETR). Prior studies have used ETR to proxy corporate tax avoidance, including Sari et al. (2020). ETR = (Tax Expense / Profit Before Tax) × 100%

Transfer pricing refers to a pricing mechanism applied to transactions involving the transfer of goods or services between related parties, in which the transfer price may be set at a non-arm's-length level (i.e., unreasonably high or low) (Sari & Ajengtiyas, 2021; Yohana et al., 2022). Such pricing arrangements can be used to shift income or costs across entities within the same group. The transfer pricing variable in this study is measured using the following formula:
TP = (Related-Party Receivables / Total Receivables) × 100%

Capital intensity reflects the extent to which a firm allocates its resources to investment in assets, particularly fixed assets, as part of its financing and investment activities (Kumalasari & Wahyudin, 2020). This measure indicates how intensively a firm invests in fixed assets relative to its overall asset base. Following Amelia (2020), capital intensity is calculated as:
CI = (Total Fixed Assets / Total Assets) × 100%

Inventory intensity, or inventory investment, refers to the extent to which a firm allocates its assets to inventories (Izzati & Riharjo, 2022). Following Sinaga and Malau (2021), inventory intensity is measured as:

II = (Total Inventory / Total Assets) × 100%

RESULTS AND DISCUSSION

Descriptive statistics (Table 1) provide an overview or summary of the data, as reflected in measures such as the mean, standard deviation, variance, maximum, minimum, sum, range, kurtosis, and skewness (Ghozali, 2018).

Table 1. Descriptive statistics

Variable	N	Min.	Max.	Mean	Std. Deviation
Tax Avoidance (TA)	185	0.033	1.354	0.24341	0.127659
Transfer Pricing (TP)	185	0.000	0.997	0.31406	0.348516
Capital Intensity (CI)	185	0.107	0.814	0.39075	0.194880
Inventory Intensity (II)	185	0.010	0.518	0.17444	0.113356

Source: Research Data, 2024

Table 1 reports the descriptive statistics for 185 firm-year observations over the 2020–2024 period. The Tax Avoidance variable, proxied by the effective tax rate (ETR), has a mean of 0.24341, ranging from 0.033 to 1.354, with a standard deviation of 0.127659. Transfer Pricing (TP) has a mean of 0.31406, with values spanning 0.000–0.997 and a standard deviation of 0.348516, indicating relatively high variation in the intensity of related-party transactions/receivables. Meanwhile, Capital Intensity (CI) and Inventory Intensity (II) record mean values of 0.39075 and 0.17444, respectively, with ranges of 0.107–0.814 for CI and 0.010–0.518 for II.

The normality test is conducted to determine whether the data (specifically, the regression residuals) follow a normal distribution. Residuals are considered normally distributed when the significance value reported in the normality test exceeds 0.05. Based on the test results, the Asymp. Sig. (2-tailed) is 0.001, which is below 0.05, indicating that the residuals are not normally distributed under the asymptotic approach (Table 2).

However, SPSS also reports a Monte Carlo Sig. (2-tailed) of 0.074. Referring to the Monte Carlo p-value (which is simulation-based and commonly used when the asymptotic approximation is considered unstable or overly sensitive), there is insufficient evidence to reject the normality assumption at $\alpha = 0.05$ ($p = 0.074 > 0.05$). Accordingly, the residuals can be considered approximately normally distributed.

Table 1. Results of normality test

One-Sampel Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			185
Normal Parameters	Mean		0.000
	Std. Deviation		0.010
Most Extreme Differences	Absolute		0.093
	Positive		0.050
	Negative		-0.093
Test Statistic			0.093
Asymp. Sig. (2-tailed)			0.001[c]
Monte Carlo Sig. (2-tailed)	Sig		0.074[d]
	99% Confidence Interval	Lower Bound	0.067
		Upper Bound	0.081

Source: Research Data, 2024

The multicollinearity test is used to examine whether correlations exist among the independent variables in the regression model. The presence of multicollinearity is assessed using the tolerance and Variance Inflation Factor (VIF) values reported in the regression output. A model is considered free from multicollinearity when the tolerance value exceeds 0.10 and the VIF is below 10 (Table 3).

The results indicate that all independent variables have VIF values below 10 and tolerance values above 0.10. Therefore, it can be concluded that the regression model does not exhibit multicollinearity among the independent variables.

Table 2. Multicollinearity test

Coefficients[a]			
		Collinearity Statistics	
Model		Tolerance	VIF
1	TP	0.985	1.016
	CI	0.920	1.087
	II	0.929	1.076

Source: Research Data, 2024

The autocorrelation test aims to examine whether the error terms are correlated across time, specifically whether the disturbance at period *t* is correlated with the disturbance at period *t–1*. This study employs the Durbin–Watson (DW) test to detect autocorrelation.

Based on the test results, the Durbin–Watson statistic is 1.830. Using the Durbin–Watson critical values for n = 185 observations and k = 3 independent variables, the lower bound (dL) is 1.726 and the upper bound (dU) is 1.792 (Table 4). The decision rule indicates no autocorrelation when **dU < DW < (4 − dU)**. Because **1.792 < 1.830 < 2.208**, the model satisfies this criterion. Therefore, it can be concluded that the regression model does not exhibit autocorrelation.

Table 4. Test of autocorrelation

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.408[a]	0.167	0.153	0.010	1.830

Source: Research Data, 2024

The heteroskedasticity test is conducted to determine whether the regression model exhibits unequal variance of the residuals across observations. A model is considered free from heteroskedasticity when the significance value exceeds 0.05. Using the Glejser test, the results show that each independent variable has a significance value greater than 0.05 (Table 5). Therefore, it can be concluded that the model does not suffer from heteroskedasticity.

Table 3. Glejser test

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,007	0,002		3,951	0,000
	TP	-0,001	0,002	-0,066	-0,881	0,379
	CI	0,003	0,003	0,088	1,142	0,255
	II	-0,004	0,005	-0,028	-0,368	0,713

Source: Research Data, 2024

The coefficient of determination results shows an adjusted R-squared value of 0.153 (15.3%). This indicates that 15.3% of the variation in the dependent variable, tax avoidance, is explained by the independent variables transfer pricing, capital intensity, and inventory intensity while the remaining 84.7% is attributable to other factors not included in this study (Table 6).

The model's R-squared is 0.167, suggesting that the overall explanatory power of the independent variables is relatively low. Because this value is far from 1, the relationship between the independent variables and the dependent variable can be interpreted as weak in terms of overall correlation.

Table 4. Coefficient of Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.408[a]	0.167	0.153	0.0108017

Source: Research Data, 2024

The F-test is used to assess the overall significance of the regression model by testing whether all independent variables jointly have a linear relationship with the dependent variable. The results show an F-statistic of 12.074 with a significance value of 0.000 (Table 7). Since this p-value is below the 0.05 significance level, it can be concluded that transfer pricing, capital intensity, and inventory intensity simultaneously have a statistically significant effect on tax avoidance.

Table 5. F-test

ANNOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	0.004	3	0.001	12.074	0.000[b]
	Residual	0.021	181	0.000		
	Total	0.025	184			

Source: Research Data, 2024

The t-test assesses the individual (partial) effect of each independent variable in explaining variations in the dependent variable. In other words, it evaluates whether each independent variable has a statistically significant influence on the dependent variable when the other variables in the model are held constant.

Table 6. T-test results

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.210	0.003		79.684	0.000
	TP	0.003	0.002	0.086	1.255	0.211
	CI	0.024	0.004	0.392	5.541	0.000
	II	0.001	0.008	0.011	0.153	0.879

Source: Research Data, 2024

The hypothesis testing results indicate that H1, examining the effect of transfer pricing on tax avoidance, yields a *t*-value of 1.255 with a significance value of 0.211, which is greater than the 0.05 significance level. Thus, H1 is not statistically supported, and it can be concluded that transfer pricing does not affect tax avoidance. For H2, assessing the effect of capital intensity on tax avoidance, the *t*-value is 5.541 with a significance value of 0.000, which is lower than 0.05. Therefore, H2 is statistically supported, indicating that capital intensity has a positive effect on tax avoidance. Regarding H3, testing the effect of inventory intensity on tax avoidance, the *t*-value is 0.153 with a significance value of 0.879, which exceeds 0.05. Accordingly, H3 is not statistically supported, suggesting that inventory intensity does not affect tax avoidance.

The finding for H1 is consistent with prior studies by Pratama & Larasati (2021) and Adelia & Asalam (2024), which report that transfer pricing does not significantly affect tax avoidance. However, this result is not in line with the findings of Yohana et al., (2022) and Sari & Ajengtiyas, (2021). One possible explanation for the non-significant effect of transfer pricing is that the Directorate General of Taxes, Ministry of Finance of the Republic of Indonesia has strengthened oversight of transfer pricing practices, particularly following the implementation of government regulations on related-party relationships and the enforcement of mandatory transfer pricing documentation for firms engaging in affiliated transactions. In addition, transfer pricing schemes conducted through receivables-related transactions may be difficult to substantiate due to effective tax enforcement through specific anti-avoidance provisions. Hence, the strict and firm regulatory controls under the relevant Ministry of Finance regulations may make it relatively difficult for firms to engage in tax avoidance through transfer pricing.

The result for H2 is in line with Efrinal & Chandra (2020) and Sari & Indrawan (2022), who find that capital intensity affects tax avoidance. This may be attributed to depreciation expenses associated with fixed assets, which can reduce taxable income and result in lower corporate tax liabilities. Therefore, the higher the capital intensity, the greater the firm's tendency to engage in tax avoidance.

Finally, the finding for H3 is consistent with N. L. Sari & Ajimat (2023), which shows that inventory intensity does not affect tax avoidance. This may be because tax laws typically do not provide tax incentives for firms solely based on holding large amounts of merchandise inventory.

CONCLUSION

This study aimed to examine the effects of transfer pricing, capital intensity, and inventory intensity on tax avoidance practices among manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. Using purposive sampling, the study analyzes 185 firm-year financial observations and applies a multiple linear regression model. The results indicate that transfer pricing does not have a significant effect on tax avoidance. This finding suggests that related-party transactions are not directly utilized as instruments for tax avoidance, potentially due to strengthened oversight by tax authorities and the implementation of stricter transfer pricing regulations. Furthermore, capital intensity is found to have a positive and significant effect on tax avoidance. This indicates that the higher the proportion of investment in fixed assets, the greater the potential for firms to utilize depreciation expenses to reduce taxable income, thereby lowering the corporate tax burden. In contrast, inventory intensity does not significantly affect tax avoidance. This result implies that inventory management is primarily oriented toward meeting operational requirements rather than serving as a strategy to minimize tax liabilities. Overall, this study provides empirical contributions by enriching the literature on the determinants of tax avoidance in Indonesia's manufacturing sector and is expected to serve as a reference for regulators in designing more effective tax supervision policies. Based on the findings of this study, several recommendations may be considered for future research and practical implementation. First, future studies are encouraged to incorporate additional independent variables that may influence tax avoidance, such as profitability, leverage, good corporate governance, sales growth, or external factors such as regulatory pressure and audit intensity. Second, the scope of research may be expanded beyond the manufacturing sector to include other industries, such as mining, banking, or property, to obtain a more comprehensive perspective. Third, future research may employ a longer observation period and consider alternative measures of tax avoidance, such as Book-Tax Differences (BTD) or the Cash Effective Tax Rate (CETR), to enhance the robustness of the results.

REFERENCES

Adelia, C., & Asalam, A. G. (2024). Pengaruh Transfer Pricing, Leverage, Dan Profitabilitas Terhadap Tax Avoidance Pada Perusahaan Sub Sektor Makanan Dan Minuman BEI Tahun 2018-2021. *Owner: Riset Dan Jurnal*

Akuntansi, *8*(1), 652–660.

Ajzen, I. (1985). From Intentions to Actions: A Theory of Planned Behavior. *Action-Control: From Cognition to Behavior*, *(pp. 11-39)* In Beckman (Eds.) https://doi.org/https://doi.org/10.1007/978-3-642-69746-3_2

Amelia, S. (2020). *Pengaruh Struktur Modal, Capital Intensity, dan Profitabilitas Terhadap Effective Tax Rate Pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia (BEI) Periode 2017-2019.* Sekolah Tinggi Ilmu Ekonomi Indonesia Jakarta.

Amri, S. A., & Subadriyah, S. (2023). Pengaruh capital intensity, inventory intensity dan sales growth terhadap tax avoidance. *JAD: Jurnal Riset Akuntansi & Keuangan Dewantara*, *6*(1), 1–12.

Ayuningtyas, N. P. W., & Sujana, I. K. (2018). Pengaruh proporsi komisaris independen, leverage, sales growth, dan profitabilitas pada tax avoidance. *E-Jurnal Akuntansi*, *25*(3), 1884–1912.

Efrinal, E., & Chandra, A. H. (2020). Pengaruh Capital Intensity Dan Inventory Intensity Terhadap Agresivitas Pajak. *AKRUAL: Jurnal Akuntansi Dan Keuangan*, *2*(2), 135–148.

Fazilah, L., Ahmad, A. W., & Rissi, D. M. (2024). Pengaruh Kepemilikan Institusional, Capital Intensity, Inventory Intensity, Dan Profitabilitas Terhadap Tax Avoidance. *Jurnal Ekonomi Bisnis Dan Manajemen*, *2*(4), 151–162.

Ghozali, I. (2018). Aplikasi Analisis Multivariete dengan Program IBM SPSS 25. In *Badan Penerbit Universitas Diponegoro* (9th ed.). Badan penerbit universitas Diponegoro.

Hermanto, H., & Puspita, I. (2022). Pengaruh perputaran persediaan, Capital Intensity, dan Leverage terhadap Tax Avoidance dengan ukuran perusahaan sebagai variabel moderasi. *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan*, *5*(2), 1186–1194.

Izzati, N. A., & Riharjo, I. B. (2022). Pengaruh good corporate governance, profitabilitas, likuiditas, capital intensity, dan inventory intensity terhadap tax avoidance. *Jurnal Ilmu Dan Riset Akuntansi (JIRA)*, *11*(4).

Jensen, M. C., & Meckling, W. H. (1976). Theory Of The Firm: Managerial Behaviour, Agency Cost and Ownership Structure. *Journal of Financial Economics, 3 (4)*, 305–360. https://doi.org/https://doi.org/10.1016/0304-405X(76)90026-X

Kumalasari, D., & Wahyudin, A. (2020). Pengaruh Leverage dan Intensitas Modal terhadap Effective Tax Rate (ETR) Dengan Profitabilitas Sebagai Variabel Moderating. *JAKA (Jurnal Akuntansi, Keuangan, Dan Auditing)*, *1*(2).

Milgram, S. (1963). Behavioral Study of Obedience. *Journal of Abnormal and Social Psychology*.

Nafhilla, D. (2022). Pengaruh Tax Planning, Profitabilitas, Dan Inventory Intensity Terhadap Tax Avoidance. *Jurnal Literasi Akuntansi*, *2*(3), 186–191.

Pratama, A. D., & Larasati, A. Y. (2021). Pengaruh Transfer Pricing dan Capital Intensity Terhadap Tax Avoidance (Studi Kasus Pada Perusahaan Manufaktur Sektor Pertambangan Subsektor Produsen Batubara yang Terdaftar di Bursa Efek Indonesia (BEI) Tahun 2015-2019). *Riset Akuntansi*

Dan Perbankan, *15*(2), 497–516.

Ramadhani, N., Afifi, Z., & Ashsifa, I. (2024). Pengaruh Kepemilikan Institusional, Capital Intensity, Inventory Intensity, dan Transfer Pricing terhadap Tax Avoidance Pada Perusahaan Energi yang Terdaftar di Bursa Efek Indonesia Periode 2018-2022. *Accounting Journal of Ibrahimy (AJI)*, *2*(2), 129–144.

Santoso, D. (2023). *Pengaruh Profitabilitas, Transfer Pricing, dan Sales Growth terhadap Tax Avoidance (Studi Empiris Pada Perusahaan Industri Barang Keperluan Rumah Tangga yang Terdaftar di Bursa Efek Indonesia Periode Tahun 2018-2020)*. Universitas BuddhiDharma.

Sari, M. R., & Indrawan, I. G. A. (2022). Pengaruh kepemilikan instutional, capital intensity dan inventory intensity terhadap Tax Avoidance. *Owner: Riset Dan Jurnal Akuntansi*, *6*(4), 4037–4049.

Sari, N. L., & Ajimat, A. (2023). Pengaruh Capital Intensity, Inventory Intensity, dan Leverage terhadap Tax Avoidance. *AKUA: Jurnal Akuntansi Dan Keuangan*, *2*(4), 279–285.

Sari, N., Luthan, E., & Syafriyeni, N. (2020). Pengaruh profitabilitas, leverage, komisaris independen, kepemilikan institusional, dan ukuran perusahaan terhadap penghindaran pajak pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia pada tahun 2014-2018. *Jurnal Ilmiah Universitas Batanghari Jambi*, *20*(2), 376–387.

Sari, R. H. D. P., & Ajengtiyas, A. (2021). Pengaruh profitabilitas, transfer pricing, dan manajemen laba terhadap tax avoidance. *Konferensi Riset Nasional Ekonomi Manajemen Dan Akuntansi*, *2*(1), 898–917.

Sinaga, R., & Malau, H. (2021). Pengaruh Capital Intensity dan Inventory Intensity Terhadap Penghindaran Pajak. *Jurnal Ilmiah Mahasiswa Manajemen, Bisnis Dan Akuntansi (JIMMBA)*, *3*(2), 311–322.

Suriaman, M. (2021). *Analisis Kepatuhan Kewajiban Perpajakan bagi Badan Usaha Koperasi*. Universitas Hasanuddin.

Suwaldiman, & Zahra, S. A. (2025). The Impact of Transfer Price, Leverage, Profitability, and Firm Size on Tax Avoidance. *International Journal of Economics, Business and Management Research*, *09*(03), 280–294. https://doi.org/10.51505/ijebmr.2025.9317

Wulansari, R. A. (2020). Faktor-Faktor yang Mempengaruhi Effective Tax Rate (ETR) Pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Selama Periode 2016–2018. *Jurnal Akuntansi 1-10*.

Yohana, B., Darmastuti, D., & Widyastuti, S. (2022). Penghindaran pajak di Indonesia: pengaruh transfer pricing dan customer concentration dimoderasi oleh peran komisaris independen. *Akuntansi Dan Bisnis Indonesia*, *6*(1), 112–129.