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The Effect of Transfer Pricing, Leverage, and Capital Intensity on Tax Avoidance

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Abstract
This study aims to provide empirical evidence that transfer pricing, leverage, and capital intensity influence tax avoidance. The subjects of this research are energy mining companies listed on the Indonesia Stock Exchange from 2020 to 2023. Sample selection was conducted using purposive sampling, resulting in 17 companies that met the criteria. The data used consisted of secondary data from annual financial reports. Data were analyzed using multiple linear regressions. The results of this study indicate that (1) Transfer Pricing does not affect tax avoidance; (2) Leverage affects tax avoidance; (3) Capital Intensity does not affect tax avoidance; (4) collectively, Transfer Pricing, Leverage, and Capital Intensity significantly influence Tax Avoidance.
Keywords: Tax Avoidance, Transfer Pricing, Leverage, Capital Intensity.

Introduction

More and more companies in Indonesia are going public in this modern era. This is done to help businesses manage and maintain their operations in times of increasingly fierce competition. When a company goes public, the Indonesia Stock Exchange (IDX) will list its shares, making it easier for the general public to find out about the company. However, companies must be careful when providing information, as it will be used as a tool for decision-making.

It is impossible to separate the government's business commitments from its economic operations, which are used to support the country's expansion. Business actors are obliged to pay taxes since running their business. According to Law of the Republic of Indonesia Number 7 of 2021 on Harmonization of Tax Regulations, "Tax is a taxpayer's contribution to the state owed by individuals or entities that are compelled by law, without receiving direct compensation, and is used for state purposes. For the greatest prosperity of the people." Since taxes are how the state gets its money, the state endeavors to collect and secure tax revenue. However, businesses that avoid paying taxes still exist in Indonesia (Departemen Keuangan RI, 2021).

Another phenomenon of tax avoidance was carried out by an Indonesian mining company, PT Kaltim Prima Coal (KPC). The company conducted tax avoidance through a transfer pricing mechanism by selling coal below the market price to an affiliated company, PT Indocoal Resource Limited. KPC's coal sales were priced lower than the price they usually sold to consumers. Indocoal then resold the coal at the same price as KPC. As a result, the turnover of coal sales made by KPC was much lower so that the state suffered a loss of Rp 1.7 trillion rupiah. (www.Pajak.go.id).

National development is an activity within a country. The success of a country's development is determined by the amount of tax revenue received by a country. The tax revenue can be used by the state to finance all expenses, both routine expenses and to finance the development of the country. Taxes in Law Number 28 of 2007 concerning general provisions and tax procedures in article 1 number 1 is a taxpayer contribution owed by individuals or entities to the state which is compelling based on law, with no direct reward and is used for the prosperity of the people.

The following table shows the target and realization of tax revenue in Indonesia for 2020-2023.

Table 1. Realization of Tax Revenue in Indonesia in 2020 - 2023 (in trillion rupiah)

Year	Tax Targets	Realization of Tax Revenue	Effectiveness of Tax Collection
2020	1.198,80	1.070	89,25%
2021	1.229,58	1.277,53	103,90%
2022	1.484,96	1.716,76	115,61%
2023	1.818,24	1.869,23	102,8%

Source: www.kemenkeu.go.id

Based on table 1 above, tax revenue from 2020 - 2023 has fluctuated every year. Data from the Ministry of Finance of the Republic of Indonesia recorded that the realization of tax revenue in 2020 always did not reach the target set in the APBN. One of the factors that causes tax revenue to not always match the set target is tax avoidance in the hope of getting a large profit (Sinaga & Suardikha, 2019). While in 2021 to 2023 the realization of tax revenue did exceed the set target, it is possible that tax evasion still occurs, so that the realization of tax revenue should be greater than the tax target. Judging from the table above, tax revenue has reached the target, but judging from the Tax Ratio of mineral and coal mining sector companies is still low, the Central Statistics Agency states that the tax ratio of the mineral and coal mining sector is only around 3.9%, while the national tax ratio is 10.4%. The low tax ratio cannot be separated from the problem of tax evasion by coal industry players. (Yulianty, 2019).

Tax collection is not easy to implement. On the company side, tax is a factor that is highly considered because tax is considered a burden that affects the survival of the company. Meanwhile, on the tax authorities' side, tax is one of the sources of state revenue that is used for the benefit of the state and the prosperity of the people (Marlinda et al., 2020). However, in reality the Indonesian government still faces obstacles in tax collection. Yulianty (2021) argues that one of the legal ways that is widely used by taxpayers to minimize their tax burden is by taking tax avoidance actions. Pohan (2018) Tax avoidance is carried out legally and safely for taxpayers because it does not violate and does not conflict with applicable tax provisions. The factors used to take advantage of the loopholes that exist in the tax provisions.

The first factor that affects tax avoidance is transfer pricing, transfer pricing is an effort made by companies for tax avoidance purposes, especially international transactions carried out by multinational companies (Putri & Mulyani, 2020). The reason this research uses transfer pricing is because the tax burden paid will increase when the tax rate of a company is high so that companies rack their brains to get profits by doing transfer pricing schemes to avoid paying taxes.

According to research from Putri & Mulyani (2020), which explains the problems created by multinational companies through transfer pricing engineering so that it has the potential to result in reduced tax revenue whether it is related to the practice of tax avoidance using a research sample of 120 multinational construction companies on the Indonesia Stock Exchange (IDX) in 2014-2018. The results of Putri & Mulyani's research (2020), prove that transfer pricing has a positive effect on tax avoidance. Pratama & Larasati (2021), examined the same thing but showed conflicting results. The results of Pratama & Larasati's research (2021) which used a sample of 40 mining sector companies showed that there was no influence between transfer pricing on tax avoidance.

In addition to transfer pricing, the next factor that affects tax avoidance is leverage. According to Lestari & Putri (2017) the leverage policy is used by companies to increase debt in order to minimize tax payments, this is because the interest component on debt can be a deduction from corporate profits which will directly affect the company's taxable income, meaning that the higher the level of leverage will increase the high level of tax avoidance. This statement is supported by researchers conducted by Widagdo (2020) and Islam (2019) which show the results that leverage has a positive effect on tax avoidance, on the other hand, researchers conducted by Prabowo & Ririn (2021) and Saputra (2020) show the results that leverage has a negative effect on tax avoidance. However, the results differ from research conducted by Puspita (2021) and Siboro & Santoso (2020) which show that leverage has no significant effect on tax avoidance, this is because the higher the debt of a company, the management will be more conservative in conducting financial reporting on company operations. Thus, debt does not have any impact on tax avoidance.

Apart from that, capital intensity also affects tax avoidance. Dharma & Noviari (2017) argue that companies that have large fixed assets will pay lower taxes. Lower tax payments are due to the company benefiting from depreciation costs attached to fixed assets. Thus, the depreciation expense can be used to reduce the company's tax burden. This statement is also supported by researchers conducted by Widagdo (2020) which states that capital intensity has a positive effect on tax avoidance. This is possible because companies that emphasize capital intensity or tend to choose to invest more in fixed assets will have a lower effective tax rate. Meanwhile, research conducted by Saputra (2020) shows that capital intensity has a negative effect on tax avoidance. This is because

companies are unable to depreciate fixed assets to reduce tax payments and invest in fixed assets using idle funds to get benefits in the form of depreciation costs that are used as tax deductions. However, the results are different from research conducted by Kesuma & Nur (2020) and Zoebar & Miftah (2020) which state that capital intensity has no effect on tax avoidance. This means that companies that have high fixed assets do use these fixed assets to support the company's operational and investment activities, not for tax avoidance purposes.

Another difference from previous studies is in the variables and samples used. In this study, the sample used is a company whose tax rate is below the tax rate according to the applicable year, while previous studies used a sample of all companies whose tax rates were above or below the applicable tax rate. The tax rate according to the applicable year is 2020 at 22%, 2021 at 22%, 2022 at 22%, 2023 at 22%. Another difference from previous research is the research period. Previous research used the period 2015-2019, while the current research uses the period 2020-2023, the selection of this period is done to see whether the results of previous research are still consistent in the present.

Theoretical Background

Agency Theory

According to Jensen & Meckling (1976) agency theory is a theory that explains the relationship between the party who gives authority (principal) and the party who receives authority (agent) in order to perform various services involving delegation of authority in the company for decision making (Prabowo & Ririn (2021). The principal party is the shareholder as the owner of the company while the agent is the management who manages the company.

Shareholders as owners of the company delegate authority to managers to manage their wealth, shareholders hope that with this delegation of authority, the wealth and prosperity of shareholders will increase, but in fact in research by Marlinda et al (2020) agents do not always make the best decisions for the principal. So that it creates a conflict of interest between the agent and the principal, the conflict of interest between shareholders and agents can affect company performance, one of which is the company's provisions regarding tax (Yulianti, 2021).

In this study, agency theory is used as a basis to explain the effect of transfer pricing, leverage, and capital intensity on tax avoidance with company size as a moderating variable. The selection of this theory is based on the idea that agency theory views that each individual will act in their own self-interest. So that individual actions, in these case managers, can lead to conflicts of interest with shareholders. Conflicts of interest arise because managers' actions are not always carried out in the interests of shareholders. Shareholders always want managers to make the best decisions to maximize company performance, but managers are more likely to take actions for personal interests, for example one of the actions taken by managers is tax avoidance. Tax avoidance by managers is used to obtain large compensation for the profits earned, so that sometimes the actions taken by managers can sacrifice the interests of shareholders if they are not in accordance with applicable tax regulations.

Tax Avoidance

Tax avoidance schemes can be divided into acceptable tax avoidance and unacceptable tax avoidance. Thus, it is possible that a certain tax avoidance scheme in one country is said to be unacceptable tax avoidance, but in another country, it is said to be acceptable tax avoidance. Another term that is often used to express permissible tax avoidance is aggressive tax planning. The term for impermissible tax avoidance is defensive tax planning (Permana et al., 2022).

Tax avoidance is a deliberate effort by the company to minimize the tax to be paid and increase the company's cash flow (Siboro & Santoso, 2021). In Gultom's research (2021), it is explained that there are three characters of tax avoidance proposed by the fiscal affairs committee of the Organization for Economic Cooperation and Development (OECD), namely:

There is an element of artificiality where various arrangements appear to be included when they are not, and are done in the absence of tax factors.

Exploiting loopholes in the law or applying legal provisions for various purposes when that is not what the legislature intended.

Consultants show tools or ways to do tax avoidance on the condition that the taxpayer becomes as confidential as possible.
Tax avoidance is a legal action taken by companies in avoiding taxes but still within the scope of the applicable tax laws and regulations. Tax avoidance actions are carried out with the aim of reducing, avoiding, minimizing or lightening the tax burden (Marlinda et al, 2020).

Transfer Pricing

The Organization for Economic Corporation and Development (OECD) defines transfer pricing as the price determined at the time of the transaction made by affiliated companies. Where the transfer price determined is much lower than the market price, this is because it considers having the freedom to adopt any principle for the company (Tiwa et al., 2017). Transfer pricing is a transaction of goods and services between several entities in one business group at an unfair price by increasing or decreasing the price. Arm's length principal (ALP) reveals that transaction prices should not be subject to price discrimination with both affiliated and unaffiliated companies (Kurniawan et al., 2018).

In practice, transfer pricing schemes are carried out by increasing the purchase price and reducing the selling price between companies in one group and transferring profits to divisions domiciled in countries that have relatively low tax rates. It can be interpreted that the higher the tax rate of a country will trigger the company to conduct a transfer pricing scheme. According to Refgia (2017), multinational companies are often motivated to avoid taxes due to the absence of standard rules related to transfer pricing audits by tax authorities so that taxpayers are more likely to win tax disputes in international tax courts. This statement is supported by research conducted (Nurrahmi & Rahayu, 2020) which states that this variable has an influence on tax avoidance.
H1: Transfer Pricing has a positive effect on tax avoidance

Leverage

According to Gultom (2021) leverage is used to measure the company's ability to pay all obligations, both short-term and long-term obligations. According to Prabowo & Ririn (2021), high leverage will increase the high level of tax avoidance by maximizing the benefits of interest expense which can be a tax deduction that the company must pay.

Leverage is a ratio used to see the assets of a company that are financed by debt (Kasmir, 2013). If a company has high debt to finance its operations compared to financing from equity, then the company has a low tax rate. Companies that have high debt usually utilize the interest generated from debt (loan interest) so that the tax paid is low. Because interest derived from debt (loan interest) will reduce pre-tax profit. So if the higher the leverage ratio of a company, the higher the interest expense that will be paid by the company, so that the tax burden issued is low.

Leverage is proxied using the Debt to Total Asset Ratio (DAR). The objectives of the company using the leverage ratio according to Kasmir (2013) are as follows:
To determine the company's position towards its obligations to creditors.
To assess the company's ability to meet its fixed obligations, such as loan instalments and interest.
To find out how much the company's assets are financed by debt.
To determine the balance between fixed assets and capital owned by the company.
To find out how much influence debt has on the management of company assets.

Based on the description above, it can be concluded that the leverage ratio is a ratio used to measure the extent to which the company's assets are financed using debt, the leverage ratio compares the company's total debt burden to its assets or equity. This means that this ratio shows how much debt the company bears compared to its total assets.

According to Siboro & Santoso, (2021) companies that have a large amount of debt will have the opportunity to generate high profits. a large amount of debt will have the opportunity to generate high profits. However, they also added that high profits also have high financial risk because the company bears a large interest expense. because the company bears a large interest expense. This means that the higher the amount of corporate debt, the higher the interest cost of the debt, which will result in a reduction in the company's tax burden. the company. This is utilised by management as a loophole to do tax avoidance. This statement is supported by research conducted by Widagdo et al

(2020) and Islam (2019) which shows that leverage has a positive effect on tax avoidance leverage has a positive effect on tax avoidance.

H2: Leverage has a positive effect on tax avoidance

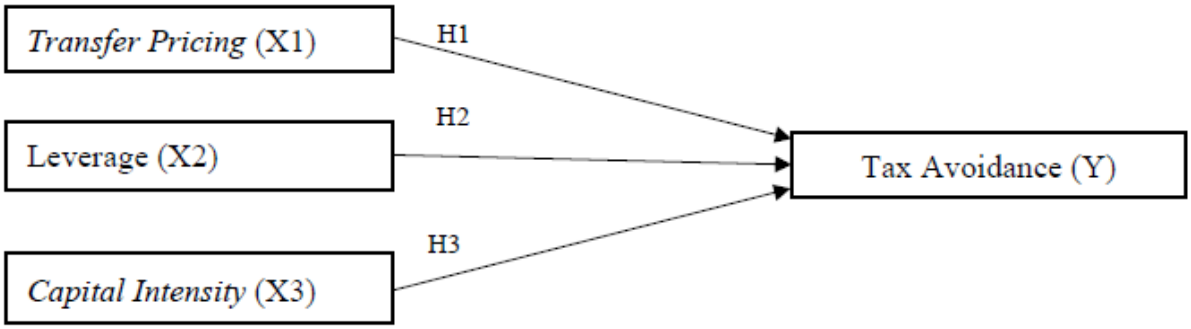
Capital Intensity

Capital intensity is a form of financial decision to invest in fixed assets that incur depreciation costs (Siboro & Santoso, 2021). According to Widagdo et al (2020) ownership of fixed assets can reduce tax payments paid by the company as a result of the depreciation costs attached to fixed assets. This shows that the higher the capital intensity, the lower the tax burden so that it can be used as a gap for companies to do tax avoidance.

Gumono's research (2021) shows that capital intensity is a ratio that describes the use of fixed assets in obtaining company profits. If the higher the capital intensity, the higher the depreciation expense of fixed assets, as a result, the lower the tax of a company will be. With this burden, it will encourage investors in reducing profits who take tax avoidance actions. This is in line with research conducted by Irianto & Wafirli (2017), Dharma & Noviari (2017), (Wiguna & Jati, 2017) which shows that capital intensity has a positive effect on tax avoidance, because depreciation costs can reduce profit before tax reduce profit before tax.

H3: Capital intensity has a positive effect on tax avoidance

Figure 1. Conceptual Framework



Methods

Research Design

To explore the impact of transfer pricing, leverage, and capital intensity on tax avoidance, in this study. Covering corporate taxpayers in the form of the mining industry listed on the IDX with a library research environment. Based on these objectives, this research falls into the category of descriptive research and uses quantitative methodology and time series data from the Indonesia Stock Exchange.

Variables and Measurement

The variables used in this study are independent variables (free), dependent variables (bound) and moderation variables as described as follows:

Tabel 2. Variables and Measurement

$DAR = \frac{\text{Total Utang}}{\text{Total Aset}}$	$CETR = \frac{\text{Pembayaran pajak}}{\text{Laba sebelum pajak}}$

Sampling Method

The population in this study is coal sub-sector mining companies listed on the Indonesia Stock Exchange from 2020 - 2023 which can be accessed through www.idx.co.id while the sampling method used in this study is by using purposive sampling technique.

Data Collection Methods

The type of data used in this study is quantitative data and the data source in this study is secondary data obtained directly from the financial statements of mining companies listed on the

Indonesia Stock Exchange in the period 2020-2023. Data can be accessed through the website of the Indonesia Stock Exchange, namely www.idx.co.id. This site was chosen because it provides the data and information needed by researchers, namely regarding financial statement data.

Data Analysis Method

The analysis strategy for this test includes descriptive statistical analysis and conventional assumption testing. Verification of ideas using multiple regression analysis. Multiple linear regression is used to measure the strength of the relationship between two or more variables as well as the direction of the relationship between the dependent variable and the independent variable to distinguish between two variables in a study (Ghozali, 2006). Multiple regression analysis was conducted using the SPSS version 21 application.

Results and Discussion

The general description of the research object presents the sample selection procedure and the research population. In this study, the sample determination method used purposive sampling method, which is a sampling technique based on criteria with the aim that the sample used can present the research conducted. The analysis method used in this research is quantitative method using software assistance, namely Microsoft Excel 2016 and SPSS Software as a tool for testing data.

The data used in this study are secondary data sourced from financial reports and annual reports of energy sector manufacturing companies listed on the Indonesia Stock Exchange (IDX). This study took samples for four years, namely 2020 to 2023 which were accessed through the official website of the Indonesia Stock Exchange at the website address www.idx.co.id. The variable data used are Transfer Pricing, Leverage, Capital Intensity, and Tax Avoidance. The purpose of this analysis is to obtain relevant information contained in the data and use the results to solve a problem. The following table 3 presents the sample acquisition based on the criteria determined in accordance with the research needs.

Table 3. Details of Research Sample Acquisition

No	Criteria	Total
1	Mining Companies listed on the IDX for 2020-2024	64
2	Mining Companies that do not report Annual Reports on the IDX for 2020-2024	-17
3	Companies that experience losses from 2020-2024	-30
4	Number of samples	17
5	Observation Data (17 Companies x 4 years)	68

Source: data processed

Classic Assumption Test Results

Normality Test

Data normality test using the One-Sample Kolmogrov-Smirnov Test. The data is said to be normally distributed if the probability value > 0.05 (Ghozali, 2016). The Asymp Sig value is greater than the significance level (0.318>0.05) which means that the residual data is normally distributed and the regression model is suitable for use in this study.

Multicollinearity Test

The Multicollinearity Test was carried out by looking at tolerance and VIF. The results of the data multicollinearity test showed that there was no multicollinearity problem because all independent variables had a tolerance value of > 0.01 and VIF <10. Attached is a multicollinearity test table.

Table 4. Multicollinearity Test Results

Coefficientsa

Model	Collinearity Statistic	
	Tolerance	VIF
Transfer Pricing	0.774	1.292
Leverage	0.776	1.288
Capital Intensity	0.994	1.006

a. Dependent Variabel : Penghindaran Pajak

Autocorrelation Test

The autocorrelation test aims to test whether a linear regression model exists Correlation between the bullister error in the period year t and the error. Disruptors in the T-1 period (previously). Autocorrelation testing is performed by looking at the values of DW (durbin-watson), (durbin lower) DL and the bottom and (durbin up) DU or upper bound seen from Watson's durbin table.

Table 5. Durbin Watson Test Result
Model Summary

Model	R	R Square	Adjusted R Square	Std Error of the Estimate	Durbin-Watson
1	0.432	0.187	0.149	0.20044	2.041

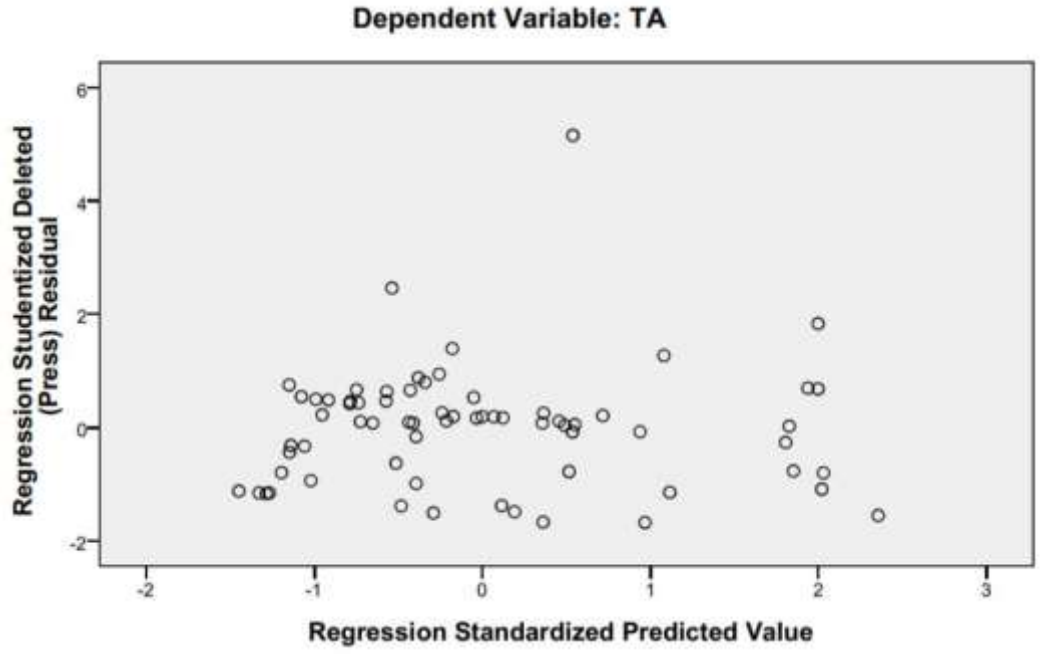
a. Prediction: (Constant), Transfer Pricing, Leverage, Capital Intensity

Durbin Watson is 2,041. The number of analytical units is 68 (n) and the number of variables 4 (k=4), in which the value (lower bound) dl=1.4853 and (upper bound) du=1.7335, then the variable (k=4) is subtracted by the upper bound (du=1.7335), (4-du) 2.2665. Based on this calculation, a dw value of 2.041 is greater than the upper limit (du) of 1.7335 and less than (4-du) 2.2665 or 1.7335< 2.041 < 2.2665. It can be concluded that if (du< d < 4-du) means that there is no positive or negative autocorrelation, so in this study there is no correlation deviation between residual in one observation and other observations in the regression model.

Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model There is an unevenness in variance from the residual of one observation to the observation that other. To detect heteroscedasticity can be done by using Scatterplot. If there is no regular pattern, then the model The regression is free from heteroscedasticity problems. Test results. Heteroscedasticity with the Scatter Plot method is obtained as follows:

Figure 2. Heteroscedasticity Results – Scatterplot Chart



Source: Output SPSS 21 (2019)

Multiple Linear Regression Analysis

The model used in multiple linear regression aims to test the influence of transfer pricing, leverage, and capital intensity on tax avoidance.

Table 6. Multiple Linear Regression Test Results

Model	Unstadardized Coeffients	Stadardized Coeffients	t	Sig.

	B	Std. Error	Beta		
(Constant)	0.059	0.059		1.010	0.316
Transfer Pricing	0.035	0.100	0.045	0.347	0.729
Leverage	0.465	0.147	0.404	3.159	0.002
Capital Intensity	-0.060	0.095	-0.071	-0.626	0.533

a. Dependent Variabel : Penghindaran Pajak
Source: Output SPSS 21 (2019)

Based on the regression results presented in table 4, the multiple linear regression equation is obtained as follows:

CETR = 0.059 + 0.035 Transfer Pricing + 0.465 Leverage – 0.060 Capital Intensity + ε

The constant value of the Cash Effective Tax Ratio (CETR) is 0.059 which means that if all independent variables, namely transfer pricing, leverage and capital intensity are valued at 0 (zero) or constant, the CETR value will increase by 0.059. The value of the transfer pricing variable coefficient is 0.035 which means that every change that occurs in the transfer pricing value will decrease the CETR value by 0.035. The value of the leverage variable coefficient is 0.465 which means that every change that occurs in the leverage value will decrease the CETR value by 0.465. The value of the capital intensity variable coefficient is -0.060 which means that under every change that occurs in the value of capital intensity, the CETR value will increase by 0.060.

Determination Coefficient R!

The determination coefficient (R2) is used to determine the extent to which contribution of the independent variable (X) to the dependent variable (Y) with the presence of linear regression. The results of the determination coefficient can be seen from the following table 7.

Table 7. Determination Coefficient Test Results (R2)
Model Summary

Model	R	R Square	Adjusted R Square	Std Error of the Estimate
1	0.432	0.187	0.149	0.20044

a. Prediction: (Constant), Transfer Pricing, Leverage, Capital Intensity
Source: Output SPSS 21 (2019)

Based on the determination coefficient test table above the R value of 0.432. According to the guidelines for interpretation of correlation coefficients, these figures are included in the. The correlation category has a moderate effect because it is in the interval of 40.0 – 59.99. This shows that transfer pricing, leverage and capital intensity have an effect on Tax Avoidance. Test the determination coefficient has an R2 (Adjusted R Square) value of 0.187 or 18.7% The tax avoidance variable is influenced by the transfer pricing variables, leverage, and capital intensity. While the remaining 81.3% are possible influenced by other variables outside of this study.

Test F

This test is used to find out whether independent variables together are able to affect dependent variables. The results of the Statistical Test F can be seen from the following table 8:

Table 8. F-Simultaneous Test Results
ANOVAb

Model	Sum Of Squares	df	Mean Square	F	Sig.
Regression	0.591	3	0.197	4.902	0.004
Residual	2.571	64	0.04		
Total	3.162	67			

a. Predictors: (Constant), TP,Leverage,CI
b. Dependent Variabel: Penghindaran Pajak

The results of the F test presented in the table obtained an Fcal value of 4.902 with a significance value of 0.004 with the condition of α = 5%, dfl=k-1 or 4-1 = 3, and df2=n-k or 68-4 = 64. Fcal is greater than Ftabel (4,902 > 2,748) with a significance value of 0.004

(0.004<0.05). These results show that the variables of transfer pricing, leverage, and capital intensity have a simultaneous effect on tax avoidance.

Test t

The t-test is used to determine the influence of independent variables on the bound and t-test is used to see the influence individually or in a Partial. The results of partial testing can be seen in table 9 as follows.

Table 9. Test Results t (Partial Test)

Coefficientsa

Model	Arah	Unstadardized Coeffients		Stadardized Coeffients	t	Sig. Twotail	Sig. Onetail	Kesimpulan
		B	Std. Error	Beta				
(Constant)		0.059	0.059		1.010	0.316	0.158	
Transfer Pricing	+	0.035	0.100	0.045	0.347	0.729	0.3645	Ha Ditolak
Leverage	+	0.465	0.147	0.404	3.159	0.002	0.001	Ha Diterima
Capital Intensity	+	-0.060	0.095	-0.071	-0.626	0.533	0.2665	Ha Ditolak

a. Dependent Variabel : Penghindaran Pajak

Source: Output SPSS 21 (2019)

Discussion of Research Results

Transfer Pricing Has a Positive Effect on Tax Avoidance

Based on the results of the t-statistical test presented in table 8, it is known that transfer pricing has a tcal value smaller than ttable (0.347 < 1.669) with a significance value greater than 0.05 (0.729 > 0.05). These results show that the transfer pricing variable does not have a significant effect on the tax avoidance variable. This is due to the implementation of new regulations on transfer pricing documents that require taxpayers to comply with the rules because there are no opportunities that can be used for tax avoidance efforts and only a few companies that conduct transactions with related parties and accounting standards in Indonesia are not clear about transfer pricing transactions. This result is not in line with the research of Putri & Mulyani (2020), Aditia, Mondra & Desi (2019), Sapta and Azizah (2022) who stated that transfer pricing has an effect on tax avoidance.

Leverage Has a Positive Effect on Tax Avoidance

Based on the results of the statistical test presented in table 8, it is known that the leverage has a greater tcal value than the ttable (3,159 > 1,669) with a significance value smaller than 0.05 (0.002 < 0.05). These results show that the Leverage variable has a significant effect on the tax avoidance variable. Minimizing the tax burden carried out by the Company will be a problem for the government who wants the maximum possible tax payment by the Company. This is in line with the agency theory which explains the problems that arise between the principal and the agent resulting from the difference in interests of the two parties. Differences in interests Where the government as a principal wants to pay taxes as much as possible, while the Company as an agent will continue to try to reduce its tax burden to obtain the maximum profit. This result is in line with research by Widagdo (2020) and Islam (2019) which shows that leverage has a positive effect on tax avoidance.

Capital Intensity Has a Positive Effect on Tax Avoidance

Based on the results of the t-statistical test presented in table 8, it is known that the capital intensity has a tcount value smaller than the ttable (-0.626 < 1.669) with a significance value greater than 0.05 (0.533 > 0.05). These results show that the capital intensity variable does not have a significant effect on the tax avoidance variable. This study shows that higher or lower capital intensity will not affect tax avoidance, because many companies in Indonesia have assets that have exceeded the depreciation age limit that has been regulated in the law (Siti, 2023). In addition, the Company's fixed assets will not affect the depreciation expense that will be related to corporate taxes. This result is not in line with the research of Widagdo (2020), and Saputra (2020) who stated that capital intensity has an effect on tax avoidance.

Conclusion

After conducting research on 68 mining companies in the energy sub-sector listed on the Indonesia Stock Exchange over the last four years, starting from 2020, 2021, 2022, and 2023, the results of the research on the influence of transfer pricing, leverage, and capital intensity on tax avoidance can be concluded (1). The transfer pricing variable partially did not have a significant

effect on tax avoidance. This is shown in table 8 with a probability value of transfer pricing of 0.729 which means that the probability value is greater than 0.05, (2). The leverage variable partially has a positive effect on tax avoidance. This is shown in table 8 with a probability leverage value of 0.002 which means the probability value is less than 0.05, (3). The capital intensity variable has no effect on tax avoidance. This is shown in table 8 with a probability capital intensity value of 0.533 which means that the probability value is greater than 0.05, (4). Transfer Pricing, Leverage, and Capital Intensity simultaneously have a significant effect on tax avoidance. This is shown in a table with a probability value (F statistic) of 0.004 which means that the probability value (F statistic) is less than 0.05.

In carrying out this research, there are several limitations and suggestions experienced, but it is hoped that some of these limitations and suggestions will not reduce the research objectives to be achieved:

The variables used to predict the influence on tax avoidance in this study are still few.
The number of samples in this study is very small, because many companies are excluded from the sample of companies.
Further research can add other variables that can predict tax avoidance activities such as ownership, company character, Good Corporate Governance (GCG).
Increasing research samples with different periods and expanding research objects.

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