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The Effect of Profitability, Institutional Ownership, Firm Size to Tax Avoidance on The 2014-2016 Manufacturing Company Listing on The Indonesia Stock Exchange

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Abstract. This study aims to examine the effect of profitability (ROA), institutional ownership (INST), and firm size (SIZE) on tax avoidance (CETR). The variables tested in this study used independent variables which consist of profitability, institutional ownership, and firm size; and the dependent variable which consists of tax avoidance, that was measured by the cash effective tax rate (CETR). The sample used in this study was taken using purposive sampling method. After the reduction with several criteria, 43 companies were chosen as samples. The analysis technique in this study uses linear regression analysis with the help of SPSS version 20. The results of this study indicate that profitability affects tax avoidance but institutional ownership and firm size have no influence.

Keywords: Profitability, institutional ownership, firm size, tax avoidance