DETERMINANTS OF TAX AVOIDANCE: THE INFLUENCE OF THIN CAPITALIZATION, TRANSFER PRICING AGGRESSIVENESS, AND ACCOUNTING CONSERVATISM WITH FINANCIAL CONSTRAINTS AS A MODERATING VARIABLE

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ARTICLE INFORMATION

ABSTRACT

This study analyzes the effect of Thin Capitalization, Transfer Pricing Aggressiveness, and accounting conservatism on tax avoidance, with Financial Constraints as a moderating variable in mining companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2022 period. The research sample was 23 companies from 63 populations, with a purposive sampling method and multiple linear regression analysis and Moderated Regression Analysis (MRA) using SPSS 25. The results show that Thin Capitalization and accounting conservatism have no effect on tax avoidance, while Transfer Pricing Aggressiveness has a significant effect. The moderation test proves that Financial Constraints do not strengthen the relationship between the three independent variables and tax avoidance. This finding confirms that transfer pricing policies are more dominant in influencing tax avoidance practices. Therefore, supervision of affiliated transactions and transfer pricing policies needs to be tightened to suppress the potential for tax avoidance.

INTRODUCTION

Tax is a mandatory contribution paid by every individual and business entity to the state, as stipulated in Law Number 16 of 2009. Tax plays a crucial role as the primary source of state revenue for financing development and improving public welfare. However, in practice, taxes are often viewed as a burden by companies because they can reduce profits. The conflicting interests between the government, as the tax collector, and companies, as taxpayers, often lead to tax avoidance practices.

Tax avoidance is a legal effort by companies to minimize their tax burden by exploiting loopholes in tax regulations. While not illegal, this practice can reduce state revenue and harm the economy. Cases of tax avoidance in Indonesia are still common, such as those committed by PT Waskita Karya (Persero) Tbk through thin capitalization, PT Adaro Energy Tbk through transfer pricing, and PT Ciputra Development Tbk through asset concealment. This phenomenon demonstrates that loopholes in tax regulations are still widely exploited by companies to reduce their tax obligations.

Previous studies have yielded mixed results. Some have suggested that thin capitalization, transfer pricing aggressiveness, and accounting conservatism significantly influence tax avoidance. However, others have concluded that these variables have no effect. Furthermore, financial constraints have the potential to strengthen the influence of independent variables on tax avoidance practices, although the results of related studies remain inconsistent.

Given the discrepancies in previous research findings and the continued prevalence of tax avoidance in Indonesia, this study was conducted again, focusing on mining companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2022 period. This research is expected to provide a deeper understanding of the factors influencing tax avoidance and the role of financial constraints as a moderating variable, while also providing input for regulators in formulating more effective tax policies.

LITERATURE REVIEW
Theory Underlying the Research
Agency Theory

Agency theory explains the relationship between the owner (principal) and management (agent), where the principal authorizes the agent to manage the company. In the context of tax avoidance, decisions about implementing strategies such as thin capitalization , transfer pricing aggressiveness , and accounting conservatism rest with management. Agents often possess more information (information asymmetry), allowing them to adopt policies that benefit themselves, including tax avoidance (Harnovinsah et al., 2023).

Stakeholder Theory

Stakeholder theory emphasizes that companies are accountable not only to shareholders but also to other stakeholders, including the government. In transfer pricing practices, for example, stakeholder interests are compromised because companies attempt to reduce their tax burden, thereby reducing state revenue. Therefore, this theory emphasizes the importance of transparency and accountability to protect the interests of all stakeholders (Nadhifah & Arif, 2020; Hapsari & Ratnawati, 2022).

Positive Accounting Theory

Positive accounting theory predicts managers' behavior in choosing accounting policies based on their interests. There are three main hypotheses: (1) the bonus plan hypothesis , managers choose policies that increase profits to obtain bonuses; (2) the debt covenant hypothesis , companies with high debt tend to choose accounting policies that display higher profits to maintain financial ratios; (3) the political cost hypothesis , large companies tend to reduce profits to avoid political costs such as high taxes (Fadhila & Andayani, 2022). This theory is relevant in explaining the relationship between accounting conservatism, capital structure, and transfer pricing with tax avoidance.

Research Variable Concept
Tax evasion

Tax avoidance is an attempt by taxpayers to legally reduce their tax burden by exploiting loopholes in tax regulations. While not illegal, this practice has the potential to reduce state revenue. One measure often used in research is the Effective Tax Rate (ETR), calculated using the formula:

$$ETR = \frac{Beban\ Pajak}{Laba\ Sebelum\ Pajak}$$

Information:
ETR: Effective Tax Rate (Bela & Suryani, 2024; Hidayah & Wijaya, 2022).

Thin Capitalization

Thin capitalization is the practice of using a large amount of debt compared to equity. Interest expense from debt can be deducted from taxable income, thereby lowering a company's tax liability. In Indonesia, this practice is regulated by Minister of Finance Regulation No. 169/PMK.010/2015, which limits the Debt to Equity Ratio (DER) .

The formula for measuring thin capitalization is as follows:

$$DER = \frac{Total\ Hutang}{Modal}$$

Information :
DER: Debt to Equity Ratio
(Sari et al., 2022; Putri & Rohman, 2024).

Transfer Pricing Aggressiveness

Transfer pricing is the setting of prices in transactions between affiliated parties. Aggressive practices involve price manipulation to reduce profits in countries with high tax rates and shift them to countries with lower rates. The formula for calculating transfer pricing is:

$$TPA = \frac{Piutang\ Usaha}{Total\ Piutang}$$

Information :
TPA: Transfer Pricing Aggressiveness
(Napitupulu et al., 2020; Yasykur et al., 2024).

Accounting Conservatism

Accounting conservatism is a principle of prudence in preparing financial statements, where losses are recognized early while gains are deferred until they are fully realized. This can lower reported profits, thereby reducing the tax burden. One measure used is:

$$CONACC = \frac{NI + DEP + CFO}{Total\ Aset}$$

Information:
CONACC = Conservatism Based On Accrued Items
NI   = Net profit
DEP   = Depreciation expense
CFO   = Operating cash flow
(Alamsyah et al., 2023; Rosdiani & Hidayat, 2020).

Financial Constraints

Financial constraints describe conditions of limited funding that force companies to rely more heavily on internal resources and seek to reduce costs, including tax burdens. This condition can be measured using the Altman Z-Score as an indicator of the likelihood of a company experiencing financial constraints:

$$Z\ Score = 1{,}2X_1 + 1{,}4X_2 + 3{,}3\ X_3 + 0{,}6\ X_4 + 1{,}0\ X_5$$

(Shafitri et al., 2024; Rustandi, 2024).

RESEARCH METHODS

Research Approach

This research uses a quantitative approach. This approach was chosen because it focuses on hypothesis testing by analyzing the relationships between variables measured using numerical data and processed using statistical methods.

Case Profile (Research Object)

The object of this research is mining sector companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2022 period. The mining sector was selected based on its significant contribution to the national economy and the high potential for tax avoidance through financial and accounting policies.

Population and Sample
Population

The research population is all mining companies listed on the IDX for the 2020–2022 period, totaling 63 companies.

The sampling

technique used in this study was purposive sampling, which is the selection of samples based on certain criteria. The criteria used in this study are:

1. The company published a complete annual financial report for the period 2020–2022.
2. The company earned consecutive profits during the 2020–2022 period.
3. The company has a tax burden during the 2020–2022 period.

Based on these criteria, 23 companies were obtained with an observation period of 3 years, so that the total research sample was 69 observations.

Method of collecting data

The data used is secondary data, namely the annual financial reports of mining companies for the 2020–2022 period, obtained from the official website of the Indonesia Stock Exchange (www.idx.co.id) and the official websites of related companies. Data collection was carried out using the documentation method, namely recording, collecting, and processing available data.

Operationalization of Variables

To facilitate analysis, the variables in this study are operationalized as follows:
Dependent Variable:
Tax Avoidance (Y), measured using Effective Tax Rate (ETR) = Tax Burden / Profit Before Tax.
Independent Variables:

1. Thin Capitalization (X1), measured by Debt to Equity Ratio (DER) = Total Debt / Capital.
2. Transfer Pricing Aggressiveness (X2), measured by TPA = Accounts Receivable / Total Receivables.
3. Accounting Conservatism (X3), measured by CONACC = (NI + DEP + CFO) / Total Assets.

Moderating Variables:
Financial Constraints (M), measured using the Altman Z-Score.

Data Analysis Methods

Data analysis was carried out with the help of SPSS version 25 through the following stages:

1. Descriptive statistics describe the characteristics of data (mean, maximum, minimum, standard deviation).
2. Classical Assumption Tests include tests for normality, multicollinearity, heteroscedasticity, and autocorrelation.
3. Multiple Linear Regression Analysis to test the effect of Thin Capitalization, Transfer Pricing Aggressiveness, and Accounting Conservatism on Tax Avoidance.
4. Moderated Regression Analysis (MRA) to test the role of Financial Constraints as a moderating variable.
5. Hypothesis testing consists of the t-test (partial), F-test (simultaneous), and coefficient of determination (R^2) test.

RESEARCH RESULTS AND DISCUSSION

Descriptive Statistical Analysis

To proceed to the discussion stage and draw conclusions from the research findings, data collection is a crucial step that cannot be separated from data analysis operations. The variables in this study are thin capitalization and transfer pricing. aggressiveness and accounting conservatism , the dependent variable is tax avoidance and the moderating variable is financial constraints .

Table 1. Descriptive Statistical Test Results

Residuals Statistics ª					
	Minimum	Maximum	Mean	Standard Deviation	N
Predicted Value	.1634627	3.5662766	.3014816	.40590420	69
Std. Predicted Value	-.340	8,043	.000	1,000	69
Standard Error of Predicted Value	.019	.152	.034	.024	69
Adjusted Predicted Value	.1366613	11.6289349	.4167176	1.37197329	69
Residual	-.25564262	.53525120	.00000000	.14789495	69
Std. Residual	-1,677	3,511	.000	.970	69
Stud. Residual	-3,382	3,576	-.010	1,135	69
Deleted Residual	-11.36165428	3.49190593	-.11523602	1.44504777	69
Stud. Deleted Residual	-3,703	3,966	-.003	1,189	69
Expensive. Distance	.059	66,874	3,942	11,280	69
Cook's Distance	.000	1108,619	17,570	133,854	69
Centered Leverage Value	.001	.983	.058	.166	69
a. Dependent Variable: TAX AVOIDANCE					

Source: SPSS 25 Output Results

Based on the results of the descriptive analysis, several important points were obtained as follows:

1. **Thin Capitalization (Predicted Value)** shows quite high variation across companies, with a minimum value ranging from 0.163 to a maximum of 3.566. The average value of 0.301 indicates that most companies have a relatively good level of thin capitalization, although there is a significant gap between companies with efficient capital and those facing financial difficulties.
2. **The residuals** range from -0.256 to 0.535, with a mean value close to zero. This indicates a balance between model predictions and actual data, although residual variation still exists, reflecting differences in capitalization strategies between companies.
3. **The Standardized Predicted Value** shows a wide range (-0.340 to 8.043) with a mean of 0.000 and a standard deviation of 1.000. This confirms a balanced and standardized data distribution, making it suitable for further analysis.
4. **The Standardized Residual** ranges from -1.677 to 3.511 with a standard deviation

of 0.970. This value indicates that most prediction errors are relatively small and within reasonable limits, suggesting that the model is quite effective in predicting a company's thin capitalization.

Classical Assumption Test
Normality Test

The normality test aims to determine whether the data used in the research is normally distributed. Normally distributed data is one of the requirements for valid parametric statistical tests, such as multiple linear regression. Normal distribution can be tested using the Kolmogorov-Smirnov or Shapiro-Wilk methods, with the results assessed by the significance value (Ghozali, 2021) . The guidelines used in drawing conclusions from the normality test are:

1. If the probability value < α (5%), then H0 is rejected, which means the residuals are not normally distributed.
2. If the probability value > α (5%), then H0 is accepted, which means the residuals are normally distributed.

The following table shows the results of testing the normality of research data using the Kolmogorov-Smirnov test:

Table 2. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		69
Normal Parameters [a,b]	Mean	.0000000
	Standard Deviation	.14789495
Most Extreme Differences	Absolute	.138
	Positive	.138
	Negative	-.079
Test Statistics		.138
Asymp. Sig. (2-tailed)		.002 [c]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: SPSS 25 Output Results

Based on Table 2, after conducting a normality test, it was detected that the data was not normally distributed, as seen from the significance value of 0.02 < 0.05. Therefore, a second normality test was conducted to ensure the data was normally distributed by reducing the data detected as outliers . Outliers are data that have extreme values and differ significantly from the majority of the data, which can affect the results of the analysis. Detection of outlier data can be seen in Table 4.4 Casewise Diagnostics [a] as follows:

Table 3. Outlier Data Detection

Casewise Diagnostics [a]				
Case Number	Std. Residual	Y	Predicted Value	Residual
3	3,511	.70825	.1729947	.53525123
a. Dependent Variable: Y				
Based on the table, the outlier data is the data in the third row. The data in the third row is removed.				

After reducing outliers, the data normality test was performed again. The second normality test yielded normally distributed data, as shown in Table 4 below:

Table 4. Normality Test 2

		Unstandardized Residual
N		68
Normal Parameters [a,b]	Mean	.0000000
	Standard Deviation	.13328449
Most Extreme Differences	Absolute	.089
	Positive	.089
	Negative	-.066
Test Statistics		.089
Asymp. Sig. (2-tailed)		.200 [c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		
After the outlier data was removed, the number of samples became 68, the data was normally distributed, namely 0.200 > 0.05.		

Source: SPSS 25 Output Results

Based on table 4, the results of the second normality test of One-Sample Kolmogorov-Smirnov The test shows that based on the data normality test, a significant value of 0.200>0.05 was obtained. Therefore, it can be concluded that the data is normally distributed.

Multicollinearity Test

According to Imam Ghozali, (2020) the multicollinearity test aims to test whether the regression model has a correlation or relationship between one independent variable and another. The guidelines that will be used in drawing conclusions in the multicollinearity test are: 1. If the tolerance value is >10 percent and the VIF value is <10, then it can be concluded that there is multicollinearity between the independent variables, 2. If the tolerance value is <10 percent and the VIF value is >10, then it can be concluded that there is no multicollinearity between the independent variables.

Table 5. Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	LNX1	.963	1,038
	LNX2	.530	1,886
	LNX3	.860	1,163
	LNM	.498	2,008

Source: SPSS 25 Output Results

Based on Table 5, it is known that the tolerance value indicates that all independent variables have a tolerance value > 0.10. The results of the variance inflation factor (VIF) calculation also show that all independent variables have a VIF value < 10. So it can be concluded that there is no multicollinearity between the independent variables in the regression model.

Heteroscedasticity Test

The heteroscedasticity test aims to determine whether there is inequality in the residual variances for each predicted value of the independent variable in the regression model, meaning that the residual variance is the same at all prediction levels (homoscedasticity). If heteroscedasticity is present, the residual variance will vary, which can cause the statistical test results to be unreliable. In this study, the heteroscedasticity test was conducted using the Glejser Test. The method is to regress the absolute value of the residual ($|e|$) against the independent variable. The following are guidelines for interpreting the results:

- If the significance value (Sig.) > 0.05 → there is no heteroscedasticity (the model is suitable for use and If the significance value (Sig.) ≤ 0.05 → there is heteroscedasticity (the model needs improvement)

Table 6. Heteroscedasticity Test

Coefficients [a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.131	.094		1,385	.173
	LNX1	-.109	.037	-.369	-2,918	.005
	LNX2	.059	.. 071	.375	2,222	.031
	LNX3	-.092	.042	-.296	-2,172	.035
	LNM	.062	.077	.144	.807	.424
a. Dependent Variable: ABS_RES						

Source: SPSS 25 Output Results

Based on the results of the first heteroscedasticity test using the Glejser method, it was found that several variables had a significance value ≤ 0.05. Variable X1 had a significance value of 0.005, which means that the value is less than 0.05. Meanwhile, variable X2 had a significance value of 0.031, X3 with a value of 0.035, M with a significance value of 0.424, indicating heteroscedasticity. This condition indicates that the residual variance is not uniform across all predicted values, thus affecting the

accuracy of the statistical test. To address this issue, data adjustments were made through logarithmic transformation of the variables indicated as causes, followed by a second heteroscedasticity test.

The following table shows the test results. second heteroscedasticity using the Glejser method:

Table 7. Heteroscedasticity Test 2

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.723	.187		3,873	.000
	LNM	-.195	.159	-.224	-1.225	.227
	LNX11	-.048	.075	-.083	-.635	.529
	LNX21	.059	.056	.186	1,046	.301
	LNX31	-.147	.095	-.215	-1,555	.127

a. Dependent Variable: ABS_RES

Source: SPSS 25 Output Results

All the variables above show that the significance value is above 0.05, so in this equation it can be concluded that the regression model does not contain heteroscedasticity.

Autocorrelation Test 1

Table 8. Durbin Watson Autocorrelation Test Results

Model Summary [b]

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	.339 [a]	.115	.070	.07406	1,256

Source: SPSS 25 Output Results

Based on Table 8, the Durbin-Watson value of the regression model is 1.256. This is in accordance with the provisions, which indicate that autocorrelation occurs. Therefore, to prove that this study has autocorrelation, further analysis is required using the Cochrane-Orcutt method, which is considered effective as an alternative solution to problems in regression models that experience autocorrelation. The results of the autocorrelation test using the Cochrane-Orcutt method are as follows:

Table 9. Cochrane-Orcutt Method Autocorrelation Test Results

Model Summary [b]

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	.435 [a]	.189	.086	.07343	2,255

Source: SPSS 25 Output Results

From the results it shows the numbers The new Durbin-Watson value is 2.255. This value, when compared to the Durbin-Watson table value , indicates no autocorrelation.

Results of Multiple Linear Regression Analysis

In this study, the regression model equation used is thin capitalization , transfer pricing. aggressiveness, Accounting Conservatism, tax avoidance and Financial constraints . This study uses multiple linear regression analysis with the SPSS program. The multiple regression equation model to be examined in the hypothesis testing is as follows:

$$Y = \alpha + b_1 X_1 + b_2 X_2 + b_3 X_3 + e$$

Table 10. Multiple Linear Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.071	.019		3,781	.000
	TC	.005	.013	.050	.351	.727
	landfill	-.031	.015	-.287	-2,097	.040
	CONACC	-.004	.007	-.078	-.600	.551

Source: SPSS 25 Output Results

From table 10, the results of the regression analysis obtained a value so that the regression equation obtained is:

$$Y = .071 - .005X1 + -.029X2 + -.005X3$$

Based on the regression equation above, it can be explained as follows:
1. The constant model (α) of .350 states that if all independent variables (X) have a value of 0, then Tax Avoidance as the dependent variable (Y) is .071.
2. The regression coefficient model of the thin capitalization variable (X1) of .005 states that every 1 point increase in thin capitalization will increase tax avoidance by 0.26 points without being influenced by other factors. The regression coefficient model of the transfer pricing variable aggressiveness (X2) of -.031 states that every 1 point increase in transfer pricing aggressiveness , it will increase tax avoidance of .-.031 points without being influenced by other factors.
3. The regression coefficient model for the variable, accounting conservatism (X3) of -.004 states that every 1 point increase in accounting conservatism will increase tax avoidance . of -.004 points without being influenced by other factors.

Moderation Test Results

According to (Imam Ghozali, 2018), the purpose of this analysis is to determine whether the moderating variable will strengthen or weaken the relationship between the independent and dependent variables. In this study, the MRA test will be used as follows.

Table 11. Moderation Test Results

Coefficients [a]					
Model		Unstandardized Coefficients	Standardized Coefficients	t	Sig.

		B	Std. Error	Beta		
1	(Constant)	.012	.036		.334	.740
	Thin Capitalization	-.020	.028	-.218	-.709	.481
	Transfer Pricing Aggressiveness	-.007	.059	-.064	-.118	.907
	Accounting Conservatism	-.025	.013	-.455	-1,825	.073
	Financial Constraints	.025	.012	.603	2,017	.049
	Thin Capitalization with Financial Constraints	.010	.009	.430	1,175	.245
	Transfer Pricing Aggressiveness with Financial Constraints	-.010	.021	-.270	-.475	.636
	Accounting Conservatism with Financial Constraints	.010	.006	.497	1,638	.107
a. Dependent Variable: Tax Avoidance						

Source: SPSS 25 Output Results

This study tested whether the variables thin capitalization (.481), transfer pricing aggressiveness (.907), and accounting conservatism (.073) were able to moderate the relationship between the independent and dependent variables in the model used. However, based on the significance values obtained, all p-values were above the 0.05 threshold, indicating that these three variables did not have a significant moderating effect.

1. Thin Capitalization (.245)

   A significance value of 0.245 indicates that thin capitalization is insignificant in moderating the relationship between the main variables. This means that the size of a company's debt-to-equity ratio does not strengthen or weaken the influence of the independent variable on the dependent variable. This may be due to the lack of active debt-based tax avoidance practices in the companies studied.

2. Transfer Pricing Aggressiveness (.636)

   A significance value of 0.636 indicates that transfer pricing aggressiveness also does not act as an effective moderating variable. In other words, aggressive pricing transfer practices between entities within a business group do not significantly impact the relationship between the main variables. This may be because the sample companies have not demonstrated sufficiently aggressive transfer pricing strategies to influence this relationship.

3. Accounting Conservatism (.107)

   With a p-value of 0.107, Accounting Conservatism clearly does not moderate the relationship between the variables in the model. This means that the level of prudence in revenue and expense recognition is not strong enough to change the direction or strength of the influence between the independent and dependent variables. It is possible that the conservative character of financial statements does not play an active role in the context of tax management strategies or other corporate decision-making in this study sample.

Hypothesis Testing Results

Partial Test (t-Test)

The t-test is used to determine the effect of each independent variable on the dependent variable (Ghozali 2021). This partial test (t-test) is conducted by comparing the t-significance level of the test results with the significance value used in this study. The hypothesis is tested using a significance level of 5% or 0.05. If the t-significance value is <0.05, then the independent variable partially influences the dependent variable. Meanwhile, if the t-significance value is >0.05, then the independent variable partially does not influence the dependent variable (Ghozali 2021). The results of the t-test in this study can be seen in Table 11 as follows:

Table 12. Partial Test Results (t-Test)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.071	.019		3,781	.000
	ETR	.005	.013	.050	.351	.727
	DER	-.031	.015	-.287	-2,097	.040
	landfill	-.004	.007	-.078	-.600	.551

Su Source: SPSS 25 Output Results

Based on the test results in table 12 regarding the influence of each independent variable on the dependent variable, the following is shown:

1) Testing the effect of thin capitalization on tax avoidance. Thin capitalization (X1) has a calculated t value of .331 with a significance value of .0727>0.05. Therefore, it can be concluded that the significance value is greater than 0.05. These results indicate that the thin capitalization variable has no effect on tax avoidance . Therefore, it can be concluded that the 1st hypothesis (H1) **is rejected** and thin capitalization has no effect on tax avoidance. tax evasion. H1: Thin capitalization has no effect on tax avoidance.

2) Testing the effect of transfer pricing aggressiveness on tax avoidance. Transfer pricing aggressiveness (X2) has a calculated t value of -.2097 with a significance value of 0.040 < 0.05. Therefore, it can be concluded that the significance value is less than 0.05. This result indicates that the transfer pricing aggressiveness variable has no effect on tax avoidance. Therefore, it can be concluded that the second hypothesis (H2) **is accepted** and transfer pricing aggressiveness has an effect on tax avoidance. Tax avoidance. H2: Transfer pricing aggressiveness has an effect on tax avoidance

3) Testing the influence of accounting conservatism on tax avoidance. Accounting conservatism (X3) has a t-value of -.600 with a significance value of 0.561>0.05. Therefore, it can be concluded that the significance value is greater than 0.05. These results indicate that the accounting conservatism variable has an effect on tax avoidance . Therefore, it can be concluded that the 3rd hypothesis (H3) **is rejected** and accounting conservatism has no effect on tax avoidance. tax avoidance . H3: Accounting conservatism has no effect on tax avoidance

Goodness of Fit (F Test)

According to Ghozali (2021), a goodness- of-fit test is conducted to determine the level of significance of the independent variables simultaneously with the dependent variable. This test uses a significance probability value (Sig.). The results of the F-test can be seen in Table 4.14 as follows:

Table 13. Goodness of Fit Results (F Test)

ANOVA [a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.042	3	.014	2,560	.064 [b]
	Residual	.324	59	.005		
	Total	.366	62			

Source: SPSS 25 Output Results

Based on Table 13 on the regression results. The basis for making the F-test decision is to assess whether the overall regression model is significant and suitable for use in research. It is known that the significance value in this study is 0.064>0.05, meaning that this indicates that simultaneously the independent variables do not have a significant effect on the dependent variable. Thus, the regression model used is not suitable (does not meet the goodness of fit criteria), so the analysis results need to be reviewed or model adjustments made, such as adding relevant variables, changing the model form, or improving data quality.

Coefficient of Determination Test (R^2)

According to Imam Ghozali (2018), the R2 test is used to determine the extent to which the model is able to explain the variation in the dependent variable. Adjusted Value R2 reflects how much variation of the dependent variable Y can be explained by the independent variable X. If the coefficient of determination is equal to 0 (Adjusted R2 = 0), it means that the variation of Y cannot be explained by X at all. Meanwhile, if Adjusted R2 = 1, it means that the variation of Y as a whole can be explained by X. In other words, if Adjusted R2 = 1, then all observation points are right on the regression line.

Table 14. Results of the Determination Coefficient Test (Adjusted R2)

Model Summary b				
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.339 a	.115	.070	.07406

Source: SPSS 25 output

Based on the data in table 14 above, it can be seen from the results of the determination coefficient test (R2) which has a value of 0.070, which means that the independent variables (thin capitalization , transfer pricing) aggressiveness, accounting conservatism ,) can influence the dependent variable (tax avoidance) by 0.7%. While the remaining 95% is influenced by other variables. So it can be concluded that the influence of 0.7% on Tax Avoidance .

Discussion Results

1. Thin Capitalization

It has no significant effect on tax avoidance (sig. $0.727 > 0.05$). This indicates that the proportion of debt to capital is not a major factor in tax avoidance practices in mining companies.

2. Transfer Pricing Aggressiveness

It has a significant effect on tax avoidance (sig. $0.040 < 0.05$). This means that the practice of transfer pricing between related companies is a dominant strategy used to reduce tax liabilities.

1. Accounting Conservatism

It has no significant effect on tax avoidance (sig. $0.561 > 0.05$). The principle of prudence in financial reporting has not been proven to affect the amount of tax paid by companies.

2. Moderating Financial Constraints
- The relationship between Thin Capitalization and Tax Avoidance, the moderating variable has no effect (sig. 0.245).
- The relationship between Transfer Pricing Aggressiveness and Tax Avoidance also has no effect (sig. 0.636).
- The relationship between Accounting Conservatism and Tax Avoidance has no effect (sig. 0.107).

CONCLUSION

Based on the results of hypothesis testing and discussion regarding the influence of thin capitalization , transfer pricing aggressiveness, accounting conservatism towards tax avoidance , then it can be concluded as follows:
1. Thin Capitalization has no effect on tax avoidance
2. Transfer Pricing Aggressiveness has an impact on tax avoidance.
3. Accounting conservatism has no effect on tax avoidance .
4. Financial Constraints cannot moderate the relationship between thin capitalization and tax avoidance.
5. Financial Constraints cannot moderate the relationship between Transfer Pricing Aggressiveness and tax avoidance.
6. Financial Constraints cannot moderate the relationship between accounting conservatism and tax avoidance .

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