

Research Article

The Profitability, Capital Intensity, and Leverage, Their Effect on Tax Avoidance

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Abstract: Tax avoidance is an effort made by companies to reduce the amount of tax payable. The main source of state revenue is taxes, but tax avoidance that exploits legal loopholes to reduce the tax burden remains an issue on the Indonesia Stock Exchange during the period 2020 to 2024. This study aims to examine the effect of profitability, capital intensity, and leverage on tax avoidance. This study applies a quantitative research approach using secondary data obtained from annual financial reports published on the official website www.idx.co.id as well as from the respective company websites. The analytical method employed is multiple linear regression. The research population consists of property and real estate companies listed on the Indonesia Stock Exchange from 2020 to 2024, with a final sample of 92 observations selected through purposive sampling. The findings reveal that profitability and capital intensity significantly influence tax avoidance, whereas leverage shows no significant effect on tax avoidance.

Keywords: Capital Intensity; Financial Reports; Leverage; Profitability; Tax Avoidance

1. Introduction

Taxation Taxes are a mandatory contribution that plays a role in the development and welfare of society. Tax revenues are the country's largest source of revenue. The revenues generated from taxes are used to finance state expenditures, such as infrastructure development, education, health care, and social programs. Data from the Ministry of Finance (2024) shows that taxes are the primary source of state revenue, reaching Rp 1,285 billion in 2020. This figure continues to increase, exceeding the annual target of Rp 2,332 trillion in 2024.

Table 1. Tax Revenue Targets and Realizations for the 2020-2024 Periods

Year	Target (Rp billion)	Realization (Rp billion)	Percentage of Realization to Target
2020	1.404.507,50	1.285.136,30	91,50
2021	1.444.541,60	1.547.841,10	107,15
2022	1.783.988,00	2.034.552,40	114,05
2023	2.021.223,70	2.154.208,20	106,58
2024	2.218.401,10	2.232.666,00	100,64

Source: www.kemenkeu.go.id, 2025

According to the Undang-Undang Ketentuan Umum dan Tata Cara Perpajakan (UU KUP) [General Provisions and Tax Procedures Law], tax represents a compulsory contribution owed to the state by individuals or entities, which must be paid under the law without providing direct compensation, and is allocated for state expenditures to promote the welfare of the people (www.pajak.go.id, 2025). Consequently, taxpayers are obligated to fulfill their duties in compliance with applicable tax regulations. In practice, however, some taxpayers seek to minimize their tax liabilities through different approaches. One of the most widely used strategies is tax avoidance. Tax avoidance is generally practiced as an effort to reduce tax obligations in order to lessen the overall tax burden. This practice is not considered a violation of tax law since it takes advantage of gaps and weaknesses within existing tax rules and regulations (Apridinata & Zulvia, 2023).



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Undang-Undang [Law] Number 7 of 2021 concerning the Harmonisasi Peraturan Perpajakan (UU HPP) [Harmonization of Tax Regulations] emphasizes that the tax system always prioritizes the principle of fairness. Clearly, the practice of tax evasion undermines tax fairness. A 2023 report by the Tax Justice Network indicates that Indonesia lost at least US\$2,736.5 million, or approximately Rp44 trillion, from corporate tax evasion, and US\$69.8 million, or approximately Rp1 trillion, from asset flight abroad. These losses were calculated using the exchange rate based on the Decree of the Minister of Finance, which was Rp16,343 per US dollar, effective from June 26, 2024, to July 2, 2024 (www.pajak.go.id, 2024).

One of the tax avoidance cases that occurred was PT Ciputra Development Tbk, which was suspected of committing tax evasion by shifting company profits abroad to avoid tax obligations in Indonesia during the period 2016 to 2021. As a result of this action, the state could potentially lose between USD 1.48 billion and USD 1.6 billion, which if converted into rupiah is equivalent to Rp 19.7 trillion to Rp 21.6 trillion. In addition, PT Bhakti Agung Propertindo Tbk. (BAPI), a company engaged in the real estate sector, was also suspected of engaging in tax avoidance practices. This act was carried out repeatedly and continuously, resulting in a loss of approximately Rp 2,907,426,172 in state revenue. Considering this phenomenon, research was conducted to investigate what variables can encourage companies to engage in tax avoidance methods. These variables include profitability, capital intensity, and leverage.

Companies often attempt to minimize their tax obligations when profitability is high. Prior research has produced mixed results regarding this relationship. Prasetyana & Cahyono (2024) argued that firms with greater profitability are subject to higher tax burdens, encouraging them to seek opportunities for tax avoidance. Similarly, Nafhilla (2022), Apridinata & Zulvia (2023), and Nurtanto & Wulandari (2024) found a positive association, suggesting that highly profitable firms are more likely to practice tax avoidance. In contrast, Cahyamustika & Oktaviani (2024) reported a negative relationship, implying that firms with strong profitability tend to comply with tax obligations rather than avoid them. Meanwhile, research by Prasetyana & Cahyono (2024) also presented evidence showing that profitability does not significantly influence tax avoidance.

Capital intensity is one of the reasons companies seek to reduce their tax liabilities. It should be noted that studies on capital intensity and tax avoidance have not yet reached a consensus. Various studies, including those by Rozan et al. (2023) and Khairani et al. (2025), found that the effect of capital intensity on tax avoidance was insignificant. Other studies, such as those by Al Hasyim et al. (2022), Cahyamustika & Oktaviani (2024), and Rahmatul et al., (2023), showed a positive effect of capital intensity on tax avoidance. The results of these studies demonstrate the importance of further research to understand the relationship between capital intensity and corporate tax avoidance, as well as to identify other factors that may influence tax evasion behavior.

Leverage influences companies' decisions to implement tax avoidance strategies. Companies with significant debt typically face high interest costs, which can hinder tax deductions as they seek to maximize tax savings through debt. Some companies use leverage as a tax-saving instrument, as interest expense can reduce taxable profits, thus encouraging tax avoidance practices. However, under certain conditions, high leverage actually increases financial risk and agency costs, prompting management to be more cautious and refrain from immediately pursuing aggressive tax avoidance strategies. Research by Setiawan & Junianto (2025), Selviana & Fidiana (2023) indicates a significant positive effect of leverage on tax avoidance. Conversely, research by Nurtanto & Wulandari (2024) revealed that leverage does not have a significant impact on tax avoidance.

This study examines how profitability, capital intensity, and leverage impact tax avoidance in property and real estate companies listed on the Indonesia Stock Exchange from 2020 to 2024. The study aims to assess the proposed hypotheses and obtain accurate results regarding how these factors influence tax avoidance. This research aims to assist tax authorities in identifying the characteristics of businesses potentially involved in tax avoidance and designing more efficient strategies to improve tax compliance in Indonesia. Furthermore, this study can provide important insights for companies, investors, and the general public about the factors that can influence corporate tax avoidance.

2. Literature Review

Agency Theory

According to Jensen and Meckling (1976), agency theory highlights the contractual arrangement in which a principal delegates authority to an agent to act on their behalf. The principal authorizes the agent to manage the company, hoping that the agent will act in the principal's best interests. Selviana & Fidiana (2023) suggest that agency issues arise from differing goals, so one way to address this is through efficient corporate governance. In a

corporate environment, agency theory can describe the relationship between company owners (principals) and managers (agents). Business owners hold the authority to determine corporate strategies, while managers are tasked with executing those decisions. Divergent objectives between the two parties may result in agency problems, which subsequently create conflicts of interest. Within the realm of taxation, tax avoidance can be interpreted as a manifestation of opportunistic managerial behavior. High profitability, for instance, attracts greater attention from both owners and external parties, which leads managers to avoid risky aggressive strategies, including tax avoidance. Similarly, high capital intensity indicates substantial investment in fixed assets, which automatically generates depreciation expenses and reduces taxable income, thereby lowering the need for managers to engage in additional tax avoidance. Meanwhile, high leverage restricts managerial discretion because the company is under close scrutiny from creditors, who demand transparent financial reporting, thus leaving less room for tax avoidance practices. Therefore, although agency theory emphasizes the potential conflicts of interest between principals and agents, certain variables may function as control mechanisms that actually suppress tax avoidance practices.

Tax Avoidance

Tax avoidance is one of the most common ways companies attempt to reduce their tax burdens because they are still subject to current tax regulations (Nafhilla, 2022). According to Rahmawati & Hernawati, (2025), tax avoidance practices are generally carried out by companies with the aim of reducing tax liabilities to optimize reported net income. This strategy can be pursued through various means, such as utilizing depreciation costs on fixed assets, inventory management, or arranging capital structures that allow for tax shields. Tax avoidance differs from tax evasion. Tax avoidance remains within the legal framework and exploits loopholes in tax regulations, while tax evasion is an illegal act that violates tax regulations. This shows that tax avoidance is an aggressive yet legal form of tax planning. Ambarita et al., (2024) state that tax avoidance practices are often triggered by conflicts of interest within the agency theory framework, where managers seek to minimize the tax burden to increase after-tax profits, while the government seeks maximum tax revenue.

The Influence of Profitability on Tax Avoidance

A company's profitability can be a factor influencing tax avoidance. The higher the profitability, the greater the tendency to avoid taxes (Apridinata & Zulvia, 2023). Net profit after tax on total assets is a method for calculating the profitability ratio (Cahyamustika & Oktaviani, 2024). In agency theory, high profitability can be a reason for managers to avoid taxes to optimize net income and meet the expectations of company owners. On the other hand, companies with high profitability also tend to receive greater scrutiny from tax authorities and the public. This can create pressure for companies to be more transparent in their tax reporting (Sulfia & Rusmanto, 2024). However, precisely because of the high tax burden, managers may be encouraged to seek legal loopholes to reduce their tax liabilities. Several previous studies have shown mixed results, with some finding a positive relationship while others found a negative one, making this topic still relevant for further research. Based on research by Nafhilla (2022), Apridinata & Zulvia (2023) and Nurtanto & Wulandari (2024), profitability has a significant effect on tax avoidance.

H1: Profitability has a negative significant effect on tax avoidance.

The Influence of Capital Intensity on Tax Avoidance

Company characteristics related to capital intensity can influence tax avoidance (Ayem & Setyadi in Al Hasyim et al., 2022). A company's capital intensity is related to its investment in fixed assets. According to agency theory, capital intensity can influence the relationship between managers (agents) and company owners (principals) (Khairani et al., 2025). Large investments in fixed assets can provide managers with the opportunity to take actions that are not in line with the owners' interests, such as tax avoidance. Furthermore, a high proportion of fixed assets is also associated with a large depreciation expense, which can be used as a deduction from taxable income. Therefore, companies with a high proportion of fixed assets have a greater opportunity to utilize depreciation expense as a tax shield (Oktavia et al., 2025). Based on research conducted by Al Hasyim et al. (2022), Cahyamustika & Oktaviani (2024), and Rahmatul et al., (2023), it was found that capital intensity has a significant effect on tax avoidance.

H2: Capital intensity has a negative significant effect on tax avoidance.

The Influence of Leverage on Tax Avoidance

A firm's leverage ratio reflects its ability to fulfill current and non-current debt commitments. (Brigham & Houston in Manuel et al., 2022). Companies with large amounts of debt will face high interest costs, which ultimately lowers pre-tax profits and reduces their taxable income (Tanjaya & Nazir in Setiawan & Junianto, 2025). According to agency theory, debt can be used as a control tool for managers and also provides tax benefits for companies. The interest expense associated with debt lowers taxable profits, potentially lowering the

amount of tax payable. Therefore, companies with high debt are more likely to evade tax obligations. From a conceptual standpoint, an increase in a company's leverage provides greater opportunities to engage in tax avoidance. This occurs because interest expenses on debt are deductible from taxable income, which ultimately lowers the company's tax liability. In this sense, leverage serves as a lawful tax shield mechanism recognized under tax regulations. Taking advantage of this benefit, firms with a higher debt proportion are often motivated to adopt tax avoidance strategies as a means of maximizing net income after tax (Putri & Bhuana, 2025). Studies by Setiawan & Junianto (2025), Selviana & Fidiana (2023) revealed that leverage has a significant impact on tax avoidance.

H3: Leverage has a positive significant effect on tax avoidance.

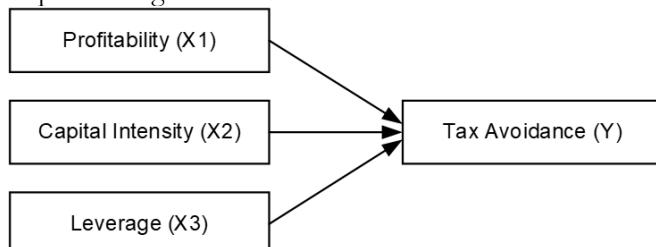


Figure 1. Research Structures

3. Research Method

Population and Sample

This research adopts a quantitative method by relying on secondary data obtained from annual financial statements published on www.idx.co.id as well as from the official websites of the respective companies. The study population consists of property and real estate firms listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. To determine the research sample, a purposive sampling technique was applied based on predefined criteria.

Table 2. Sample Criteria

No	Criteria	Total
1	Property and real estate companies listed on the Indonesia Stock Exchange during the period 2020–2024	470
2	Companies that were not consistently listed throughout the study periods	(75)
3	Companies reporting losses during the observation periods	(250)
4	Companies that did not publish consecutive financial statements during the study periods	(30)
5	Companies that were not engaged in tax avoidance practices	(23)
Sample Total		92

Table 3. Operational Definitions and Measurement of Variables

No	Variables	Variables Definition	Measuring Instruments	Sources
1	Tax Avoidance	Tax avoidance refers to a strategy used by taxpayers to legally minimize their tax liabilities by utilizing gaps or weaknesses within tax regulations. In this research, the level of tax avoidance is assessed using the Effective Tax Rate (ETR), which is determined by comparing the current tax expense with the company's earnings before tax.	ETR = Current Income Tax Expense : Profit Before Tax	(Rahmatul et al., 2023)
2	Profitability	Profitability refers to a company's ability to generate earnings from its operational activities. In this study, profitability is represented by Return on Assets (ROA), which is calculated by dividing net income after tax by total assets.	ROA = Net Profit After Tax : Total Assets	(Apridinata & Zulvia, 2023)
3	Capital Intensity	Capital intensity reflects the proportion of fixed assets within a company's overall asset structure. In this research, capital intensity is measured using the ratio of total fixed assets to total assets.	Capital Intensity = Total Fixed Assets : Total Assets	(Al Hasym et al., 2022)
4	Leverage	Leverage reflects a company's funding structure derived from debt. In this study, leverage is proxied by the Debt-to-Equity (DER) ratio, which measures the ratio of a company's total debt to its equity.	Debt to Equity = Total Debt : Equity	(Manuel et al., 2022)

Data Analysis Method

The analysis method used is multiple linear regression analysis, which aims to examine the relationship between the independent and dependent variables. The collected data will be processed and organized using SPSS version 27 as a data analysis tool.

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3$$

Y = Dependent Variable (Tax Avoidance)

a = constant

b = regression coefficient

X1= Profitability
 X2= Capital Intensity
 X3= Leverage

4. Results and Discussion

Descriptive Statistics Test

Table 4. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	92	.400	19.960	4.87827	3.808176
Capital Intensity	92	15.837	89.651	51.05990	18.845797
Leverage	92	.264	272.949	56.63686	42.392063
Tax Avoidance	92	.001	24.919	2.67906	4.387255
Valid N (listwise)	92				

Source: Data processed with SPSS 27, 2025

Based on the descriptive statistical results in Table 4, a total of 92 observations (N) were analyzed in this study, consisting of three independent variables, namely Profitability (X1), Capital Intensity (X2), and Leverage (X3), with Tax Avoidance (Y) as the dependent variable. The Effective Tax Rate (ETR), which serves as the proxy for tax avoidance, shows a minimum value of 0.001, a maximum of 24.919, a mean of 2.67906, and a standard deviation of 4.387255. Profitability records a minimum value of 0.400, a maximum of 19.960, an average of 4.87827, and a standard deviation of 3.808176. Capital Intensity indicates a minimum of 15.837, a maximum of 89.651, a mean value of 51.05990, and a standard deviation of 18.845797. Meanwhile, Leverage reveals a minimum of 0.264, a maximum of 272.949, an average of 56.63686, and a standard deviation of 42.392063.

Classical Assumption Tests

Table 5. Classical Assumption Tests

Assumption	Criteria Tests	Results	Description
Normality	Nilai Monte Carlo Sig. (2-tailed) > 0,05	Monte Carlo Sig. (2 tailed): 0,091 > 0,05 a. Profitability: Tolerance 0,897 > 0,1 and VIF 1,115 < 10 b. Capital Intensity: Tolerance 0,960 > 0,1 and VIF 1,042 < 10 c. Leverage: Tolerance 0,886 > 0,1 and VIF 1,129 < 10	Qualified
Multicollinearity	Tolerance > 0,1 and VIF < 10		Qualified
Autocorrelation	dU < DW < 4-dU	1,7275 < 2,110 < 2,2725	Qualified
Heteroscedasticity	Weighted Least Squares Test with all independent variables > 0,05	1. Profitability: 0,658 > 0,05 2. Capital Intensity: 0,961 > 0,05 3. Leverage: 0,392 > 0,05	Qualified

Source: Data processed with SPSS 27, 2025

Statistical tests in Table 5 show that the normality test uses the Monte Carlo significance value, the multicollinearity test uses the VIF <10 and Tolerance value >0.10 criteria, the autocorrelation test uses the Cochrane-Orcutt method, and the heteroscedasticity test uses the weighted least squares method. The results indicate that the data can be further tested because they are meet the qualifications of the classical assumptions.

Multiple Linear Regression Test

The following are the results of the multiple linear regression test, presented in Table6:

Table 6. Multiple Linear Regression Test

Model	Coefficients^a		
	B	Unstandardized Coefficients	Standardized Coefficients
1	(Constant)	4.842	1.756
	LN_X1	-.523	.218
	LN_X2	-1.383	.398
	LN_X3	.276	.161

a. Dependent Variable: LN_Y

$Y = a + b_1X_1 + b_2X_2 + b_3X_3$

$Y = 4,842 + (-0,523)X_1 + (-1,383)X_2 + 0,276X_3$

$Y = 4,842 - 0,523X_1 - 0,383X_2 + 0,276X_3$

Source: Data processed with SPSS 27, 2025

Based on the results in Table 6, the multiple linear regression equation model is as follows:

$Y = 4,842 - 0,523X_1 - 0,383X_2 + 0,276X_3$

The interpretation of the multiple linear regression equation is as follows:

- The constant value of 4.842 indicates that if all independent variables (profitability, capital intensity, and leverage) are equal to zero, the predicted value of tax avoidance is 4.842.
- The regression coefficient for X1 (profitability) is -0.523, which means that a one-unit increase in profitability will reduce tax avoidance by 0.523 units, assuming the other variables remain constant.
- The regression coefficient for X2 (capital intensity) is -0.383, which implies that a one-unit increase in capital intensity will decrease tax avoidance by 0.383 units, with the assumption that the other variables are held constant.
- The regression coefficient for X3 (leverage) is 0.276, suggesting that a one-unit increase in leverage will increase tax avoidance by 0.276 units, assuming the other variables remain constant.

Model of Fit and Hypothesis Tests

Tabel 7. Model of Fit and Hypothesis Tests

Model of Fit Tests	Results	Conclusions
Determination Analysis	Adjusted R Square: 0,248	The model indicates that 24.8% of the changes in the dependent variable can be attributed to the independent variables, whereas 75.2% is determined by other variables outside the scope of this study.
F-test	Sig. value: 0,001	0.001 < 0.05, the results confirm that the variables Profitability, Capital Intensity, and Leverage together significantly impact Tax Avoidance.
Hypothesis Test	Sig. Values	Conclusions
a. Profitability – Tax Avoidance	0,018	H1 = Effected
b. Capital Intensity – Tax Avoidance	0,001	H2 = Effected
c. Leverage – Tax Avoidance	0,090	H3 = Not Effected

Source: Data processed with SPSS 27, 2025

The results of the data analysis in Table 7 present the hypothesis testing outcomes. Profitability records a significance value of 0.034 ($0.034 < 0.05$), which is below the 5% significance level, indicating that profitability has a significant effect on tax avoidance. Capital intensity shows a significance value of 0.001 ($0.001 < 0.05$), also below the 5% threshold, suggesting that capital intensity significantly influences tax avoidance. Conversely, leverage produces a significance value of 0.090 ($0.090 > 0.05$), which exceeds the 5% level of significance, implying that leverage has no significant effect on tax avoidance.

Furthermore, the F-test yields a significance value of 0.001 (< 0.05), confirming that profitability, capital intensity, and leverage simultaneously exert a significant effect on tax avoidance. Meanwhile, the Adjusted R-Square value is 0.248 or 24.8%, meaning that the three independent variables collectively explain 24.8% of the variation in tax avoidance, while the remaining 75.2% is influenced by other factors not included in the model.

The Effect of Profitability on Tax Avoidance

Based on the hypothesis testing results in Table 7, profitability shows a significance value of 0.018 (< 0.05), indicating that profitability has a significant effect on tax avoidance. Accordingly, H1 is accepted. This finding implies that the higher the profitability of a company, the lower its tendency to engage in aggressive tax avoidance practices. A plausible explanation is that highly profitable firms are generally more visible to stakeholders, regulators, and the public, thereby increasing the reputational and regulatory risks of engaging in questionable tax strategies. From the perspective of agency theory, managers of profitable firms may prioritize maintaining long-term trust with shareholders and external parties, rather than seeking short-term tax savings that could expose the firm to legal disputes or reputational damage (Tan & Susilo, 2023). Moreover, companies with high profitability often have stronger corporate governance structures, more rigorous internal controls, and greater scrutiny from auditors and tax authorities. These conditions create an environment where the cost of tax avoidance may outweigh its potential benefits, leading managers to comply more strictly with tax regulations. Another explanation is that highly profitable companies already benefit from existing legal tax planning mechanisms, such as investment-related tax incentives or optimal use of depreciation, thereby reducing the need for additional aggressive tax avoidance. In this sense, profitability serves as a moderating factor that discourages opportunistic managerial behavior in tax reporting. This result is consistent with the studies of Nafhilla (2022), Apridinata & Zulvia (2023), and Nurtanto & Wulandari (2024), which found that companies with greater profitability are more actively engaged in tax avoidance practices.

The Effect of Capital Intensity on Tax Avoidance

Based on the hypothesis testing results in Table 7, capital intensity has a significance value of 0.001 (< 0.05), indicating that capital intensity significantly affects tax avoidance. Therefore, H2 is accepted. The regression coefficient demonstrates a negative relationship, implying that the greater the capital intensity of a company, the lower its level of tax avoidance. One possible explanation is that investment in fixed assets such as buildings, machinery, and equipment is primarily intended to support the company's long-term operational capacity and productivity rather than as an instrument for minimizing tax liabilities. Since fixed assets are subject to depreciation, companies already benefit from allowable tax deductions in the form of depreciation expenses, thereby reducing the need to pursue additional tax avoidance strategies. From the perspective of agency theory, the divergence of interests between principals and agents encourages managers to allocate resources into fixed assets as part of efforts to enhance company performance (Rahmatul et al., 2023). Nevertheless, a high proportion of fixed assets is not always utilized as a tool for tax avoidance, but rather to sustain operational activities and future investments (Rozan et al., 2023). These results contrast with the findings of Al Hasyim et al. (2022) and Cahyamustika & Oktaviani (2024), who identified a positive relationship, yet align with the studies of Rozan et al. (2023) and Khairani et al. (2025) which showed that capital intensity can diminish a company's propensity to practice tax avoidance.

The Effect of Leverage on Tax Avoidance

Based on the hypothesis testing results in Table 7, capital intensity has a significance value of 0.001 (< 0.05), indicating that capital intensity significantly affects tax avoidance. Therefore, H2 is accepted. The regression coefficient demonstrates a negative relationship, implying that the greater the capital intensity of a company, the lower its level of tax avoidance. One possible explanation is that investment in fixed assets such as buildings, machinery, and equipment is primarily intended to support the company's long-term operational capacity and productivity rather than as an instrument for minimizing tax liabilities. Since fixed assets are subject to depreciation, companies already benefit from allowable tax deductions in the form of depreciation expenses, thereby reducing the need to pursue additional tax avoidance strategies. From the perspective of agency theory, the divergence of interests between principals and agents encourages managers to allocate resources into fixed assets as part of efforts to enhance company performance (Rahmatul et al., 2023). Nevertheless, a high proportion of fixed assets is not always utilized as a tool for tax avoidance, but rather to sustain operational activities and future investments (Rozan et al., 2023). These results contrast with the findings of Al Hasyim et al. (2022) and Cahyamustika & Oktaviani (2024), who identified a positive relationship, yet align with the studies of Rozan et al. (2023) and Khairani et al. (2025) which showed that capital intensity can diminish a company's propensity to practice tax avoidance.

5. Conclusion

Based on the research findings, it can be concluded that profitability, as proxied by Return on Assets (ROA), significantly affects tax avoidance. This indicates that the level of profitability plays an important role in determining the extent to which companies engage in tax avoidance practices. Therefore, the greater the profitability, the more mature the company's planning for generating desired tax revenues, and the lower the tendency to engage in tax avoidance. Capital intensity is also found to influence tax avoidance, suggesting that a higher proportion of fixed assets may reduce a company's tendency to engage in tax avoidance practices. In contrast, leverage does not show any significant effect on tax avoidance. This study was limited to property and real estate companies and covered only five years of observation, from 2020 to 2025. Therefore, future studies are recommended to include firms from other industries and extend the observation period to obtain more comprehensive results. The research model still has limitations, such as the low coefficient of determination of 24.8%, indicating that many other variables influence tax avoidance. Therefore, further research is recommended to add other variables that can provide better and more accurate evidence in explaining the factors that influence tax avoidance.

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