

ABSTRACT

This study aims to analyze the effect of thin capitalization, utilization of tax havens, multinationality and corporate governance of the tax avoidance practices at multinational companies in Indonesian Stock Exchange . Independent variables used in this study are thin capitalization, utilization of tax havens, multinationality, institutional ownership, board of independent commissioners, audit committee and audit quality; while the dependent variable is the tax avoidance practice. This study use quantitative research design and secondary data from multinational companies listed in the Indonesian Stock Exchange.

The population of this research was companies listed in the Indonesian Stock Exchange in 2012 until 2014. Sampling was done by purposive sampling technique. Based on purposive sampling, obtained a sample of 44 companies. The method of analysis used to test the effect of the independent variables on the dependent variable is Multiple Linear Regression. The results of this study indicate that (1) Thin capitalization has effect on tax avoidance practice, (2) Utilization of tax haven has effect on tax avoidance practice, (3) Multinationality has effect on tax avoidance practice, (4) Corporate governance which cover: a) institutional ownership has no effect on tax avoidance practice, b) board of independent commissioners has effect on tax avoidance practice, c) Audit committee has no effect on tax avoidance practice, and d) Audit quality has effect on tax avoidance practice.

Keyword : *tax avoidance practice, multinational companies, thin capitalization, utilization of tax haven and corporate governance.*