

The Effect of Capital Intensity, Executive Characteristics, and Profitability on Tax Avoidance, With Leverage as A Moderating Variable, in Manufacturing Companies in The Non-Consumer Sector – Cyclical Listed on The IDX from 2023 to 2025

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Abstract

This study aims to analyze the influence of capital intensity, executive character, and profitability on tax avoidance with leverage as a moderation variable in manufacturing companies in the non-cyclical consumer sector listed on the Indonesia Stock Exchange for the 2023–2025 period. This study uses a quantitative method with secondary data obtained from the company's annual financial statements. The sampling technique used purposive sampling so that as many as 52 manufacturing companies in the consumer non-cyclicals sector met the research criteria during the 2023–2025 period. The data analysis technique used is Structural Equation Modeling (SEM) based on Partial Least Square (PLS) with the help of the SmartPLS application. The results of the study show that capital intensity has a positive effect on tax avoidance, while executive character and profitability have no effect on tax avoidance. In addition, leverage is able to moderate the effect of capital intensity on tax avoidance in a negative direction and is able to moderate the effect of profitability on tax avoidance in a positive direction. However, leverage is not able to moderate the influence of executive character on tax avoidance. Simultaneously, capital intensity, executive character, and profitability have an effect on tax avoidance in manufacturing companies in the non-cyclical consumer sector listed on the Indonesia Stock Exchange for the 2023–2025 period.

INTRODUCTION

Taxes are the main source of state revenue which plays an important role in supporting economic development and community welfare. In various countries, including Indonesia, taxes are the dominant component in the structure of the State Revenue and Expenditure Budget (APBN). The high dependence on taxes makes optimizing tax revenue a top priority for the government (Ministry of Finance of the Republic of Indonesia, 2023). Based on Law Number 16 of 2009 concerning General Provisions and Taxation Procedures Article 1 Paragraph 1, taxes are mandatory contributions to the state that must be paid by individuals or entities, are coercive in accordance with the Law, without any direct reward, and are used for the benefit of the state. According to Mardiasmo (2018), taxes are public contributions to the state treasury that are collected under the Law without any direct counter-achievement, and are used to finance general expenditures.

For the government, taxes are an important source of state revenue to finance the administration of government and development. On the other hand, for companies, taxes are seen as a burden that can reduce net profit, thus encouraging companies to make various tax efficiency efforts (Y. P. A. Pratama, 2023). These differences of views encourage companies to try to reduce the amount of tax that must be paid to achieve the predetermined profit target, known as tax avoidance. Gultom (2021) stated that tax avoidance is an act of tax avoidance carried out by taxpayers by taking advantage of loopholes or weaknesses in tax regulations legally to minimize the tax burden. Tax avoidance is one of the factors that causes the realization of tax revenues not to meet the target, resulting in an impact on non-optimal state revenue (Yusuf et al., 2025).

The novelty of this research lies in several aspects. First, this study provides empirical evidence on the moderating role of leverage in the relationship between capital intensity, executive character, and profitability on tax avoidance in non-cyclical consumer sector companies, an area that has received limited attention in prior research. Second, the study extends the application of agency theory and signal theory to explain tax avoidance behavior in the Indonesian non-cyclical consumer sector (Anick 2026; Tarapder 2025). Third, the research examines the simultaneous influence of capital intensity, executive character, and profitability on tax avoidance, providing a more comprehensive understanding of the determinants of tax avoidance. Fourth, the study contributes to the limited literature on tax avoidance in the non-cyclical consumer sector in Indonesia, which has been dominated by research in other sectors such as mining and banking. The research findings are expected to have significant implications for tax authorities in designing more effective policies and supervision strategies to reduce tax avoidance practices, as well as for company management in understanding the implications of financial decisions on corporate taxation strategies

Based on data from the Ministry of Finance, the realization of tax revenues in Indonesia has only reached IDR 187.8 trillion or 8.6% of the 2025 State Budget target of IDR 2,189.3 trillion (BBC News, 2025). In Table 1, the following is shown the tax revenue target and its realization over the last 5 years.

Table 1. Tax Revenue Targets and Realization in 2021–2025

Year	Tax Revenue Target	Tax Revenue Realization	Remarks
2021	IDR 1,229.6 trillion	IDR 1,231.87 trillion	100.19% against the target
2022	IDR 1,485.1 trillion	IDR 1,716.8 trillion	115.6% against target
2023	IDR 1,818.3 trillion	IDR 1,869.23 trillion	102.80% against target
2024	IDR 1,988.9 trillion	IDR 1,932.4 trillion	97.2% against target
2025	Rp2,189.3 trillion	IDR 1,917.6 trillion	87.6% against target

Source: Directorate General of Taxes (2025)

Based on data from the Directorate General of Taxes in 2025, since 2024 the realization of tax revenue has decreased. The realization of tax revenue in January 2025 was recorded at IDR 88.89 trillion, down 41.86% compared to the same period the previous year. This decline shows that the optimization of tax revenue still faces structural challenges and compliance of corporate taxpayers (Simanjuntak, 2025). The decline in tax revenue realization is also supported by tax avoidance data proxied by the Effective Tax Rate (ETR) in the consumer non-

cyclicals sector listed on the Indonesia Stock Exchange for the 2023–2025 period, as presented in Table 2 below.

Table 2. Effective Tax Rate (ETR) in Companies in the Non-Cyclicals Consumer Sector in 2023–2025

Year	Average ETR Value	Remarks
2023	0,273	The highest ETR during the study period
2024	0,248	ETR decreases – increased tax avoidance
2025	0,256	ETR increases – tax avoidance decreases

Source: Researcher's processed data (2026)

Based on Table 2, throughout 2023–2025 efforts to carry out tax avoidance have fluctuated. In 2023, ETR will be at 0.273 and then decrease in 2024 to 0.248, which means that there will be an increase in tax avoidance measures. In 2025, the ETR will increase again by 0.256, which indicates that tax avoidance measures have decreased.

Some of the factors that are suspected to affect tax avoidance actions include capital intensity, executive character, and profitability. Zahara & Marundha's research (2025) shows that capital intensity has a positive and significant effect on tax avoidance. Agustin (2025) also found that capital intensity has a significant effect on tax avoidance in banking companies in Indonesia. Anggara & Khairunnisa (2023) found that executive character has an effect on tax avoidance. In addition, Mirayani & Latrini (2025) show that profitability is one of the determinants of tax avoidance. The relationship between these variables is allegedly influenced by leverage reflecting the level of debt utilization in the company's capital structure. Interest expense on debt can be recognized as a cost that reduces taxable profits so that companies with high leverage have the potential to have different incentives in tax avoidance (Akma, Putra, & Pituringsih, 2026; Arda & Yusuf, 2025). Based on the phenomenon and research gap that has been described, this study aims to examine the influence of capital intensity, executive character, and profitability on tax avoidance with leverage as a moderation variable in manufacturing companies in the consumer non-cyclicals sector listed on the IDX in 2023–2025.

Tax avoidance is an effort by taxpayers to reduce the tax burden through legal mechanisms by utilizing applicable tax provisions (Korinna et al., 2023). In this study, tax avoidance is measured using the Effective Tax Rate (ETR), which is the ratio between income tax burden to profit before tax. A low ETR value indicates a higher tax avoidance practice, while an ETR value that is close to the normal tax rate indicates a company's more compliant behavior in fulfilling its tax obligations.

Agency theory (Jensen & Meckling, 1976) explains the relationship between the principal (owner) and the agent (management). In the context of taxation, management as an agent seeks to maximize the welfare of shareholders through various cost-efficiency strategies, including minimizing tax burdens. However, management decisions are also limited by the company's supervision and governance system so that they are not completely free to take tax avoidance policies. This theory explains why capital intensity and profitability can affect tax avoidance, as well as why executive character does not always have a significant effect because tax decisions are made collectively by organizations.

Signal theory (Ross, 1977; Spence, 1973) explained that companies try to give positive signals to external parties (investors and creditors) through good financial performance. In the context of taxation, companies strive to manage tax expenses efficiently so that the net profit reported in the financial statements looks more optimal. The use of fixed assets to generate depreciation costs and the use of debt as a tax shield is a form of signal that management is actively managing the company's cost efficiency.

Based on the literature review and the results of previous research, the hypotheses proposed in this study are as follows: (H1) Capital intensity has a positive effect on tax avoidance because the higher the investment in fixed assets, the greater the depreciation burden that can reduce taxable profits (Zahara & Marundha, 2025; Agustin, 2025; Wijayanti et al., 2023). (H2) Executive character has an effect on tax avoidance because executives with risk taker characters are more daring to make aggressive decisions in tax management (Anggara & Khairunnisa, 2023; Paliling & Diyanti, 2024). (H3) Profitability affects tax avoidance because companies with high profits have greater tax liabilities so they are encouraged to do tax planning (Mirayani & Latrini, 2025; Ernawati & Dharmawan, 2025). (H4) Leverage moderates the influence of capital intensity on tax avoidance because companies with high leverage already have a tax deduction instrument through interest expenses, so that the dependence on fixed asset depreciation is reduced (Arda & Yusuf, 2025). (H5) Leverage moderates the influence of executive character on tax avoidance because the level of a company's debt can change management's incentives in tax decision-making. (H6) Leverage moderates the effect of profitability on tax avoidance because companies that have high profitability and are supported by high leverage tend to use interest expenses as a tax shield to further reduce tax burdens (Sofiamanan et al., 2023). (H7) Simultaneously, capital intensity, executive character, and profitability affect tax avoidance in manufacturing companies in the non-cyclical consumer sector.

METHOD

Types of Research

Table 3. Types, Methods and Research Techniques

Types of Research	Research Methods	Research Techniques
Descriptive (Explorative)	Case Studies	Quantitative Statistics

Source: Researcher's processed data (2026)

This study uses descriptive and verifiable research types with a quantitative approach. The method used is a case study on manufacturing companies in the consumer non-cyclicals sector listed on the Indonesia Stock Exchange. The data analysis technique used is quantitative statistics using the SEM-PLS method using SmartPLS software to test the relationship between variables and the effect of moderation.

Variable Operationalization

Table 4. Variable Operationalization

Variable	Sub Variable (Dimension)	Indicator	Scale
X1: Capital Intensity	Capital Intensity	Total Fixed Assets / Total Assets	Ratio
X2: Executive Character	Risk Firm	EBITDA / Total Assets	Ratio
X3: Profitability	LONG	Net Profit Before Tax / Total Assets × 100%	Ratio
Y: Tax Avoidance	ETR	Tax Expense / Pretax Income	Ratio
Z: Leverage	DAR	Total Liabilities / Total Assets	Ratio

Source: Researcher's processed data (2026)

Population and Sample

The population in this study is all companies in the consumer non-cyclicals sector that are officially listed on the Indonesia Stock Exchange (IDX) throughout the 2023–2025 period. The sample selection method uses purposive sampling based on certain criteria, as presented in Table 5.

Table 5. Sample Withdrawal Criteria

Remarks	Quantity
Population: Non-cyclicals consumer sector companies listed on the IDX	131
Reduced: Companies that are not listed consecutively during 2023–2025	(34)
Reduced: Companies that did not publish full financial statements during 2023–2025	(4)
Reduced: Companies that did not earn a profit during 2023–2025	(32)
Reduced: Companies that do not use rupiah currency in financial statements	(9)
Research Sample	52
Total sample (n × study period) = (52 × 3)	156

Source: Researcher's processed data (2026)

Table 6. List of Research Sample Companies

Yes	Stock Code	Company Name
1	DSFI	Dharma Samudera Fishing Industries Tbk.
2	ALII	Astra Agro Lestari Tbk.
3	AGAR	Asia Sejahtera Mina Tbk.
4	AISA	FKS Food Sejahtera Tbk.
5	AMRT	Source: Alfaria Trijaya Tbk.
6	BISI	BISI International Tbk.
7	BUDI	Budi Starch & Sweetener Tbk.
8	CAMP	Campina Ice Cream Industry Tbk.
9	CEKA	Wilmar Cahaya Indonesia Tbk.
10	CLEO	Sariguna Primatirta Tbk.
11	CPIN	Charoen Pokphand Indonesia Tbk.
12	CPRO	Central Proteina Prima Tbk.
13	CSRA	Cisadane Sawit Raya Tbk.
14	DLTA	Delta Jakarta Tbk.
15	DMND	Diamond Food Indonesia Tbk.
16	DSNG	Dharma Satya Nusantara Tbk.
17	EPMT	Enseval Putera Megatrading Tbk.
18	TABLE	FAP Agri Tbk.

19	FISH	Itama Ranoraya Tbk.
20	GGRM	Gudang Garam Tbk.
21	GOOD	Garudafood Putra Putri Jaya Tbk.
22	GZCO	Gozco Plantations Tbk.
23	HMSP	H.M. Sampoerna Tbk.
24	ICBP	Indofood CBP Sukses Makmur Tbk.
25	FISH	Era Mandiri Cemerlang Tbk.
26	INDF	Indofood Sukses Makmur Tbk.
27	ITIC	Indonesian Tobacco Tbk.
28	JPFA	Japfa Comfeed Indonesia Tbk.
29	CHEESE	Mulia Boga Raya Tbk.
30	BAD	Kino Indonesia Tbk.
31	KMDS	Kurniamitra Duta Sentosa Tbk.
32	SMAR	Sinar Mas Agro Resources and Technology Tbk.
33	LSIP	PP London Sumatra Indonesia Tbk.
34	MAIN	Malindo Feedmill Tbk.
35	MIDI	Midi Utama Indonesia Tbk.
36	MLBI	Multi Bintang Indonesia Tbk.
37	MYOR	Mayor Indah Tbk.
38	PSGO	Palma Serasih Tbk.
39	ROBERT	Nippon Indosari Corpindo Tbk.
40	SDPC	Millennium Pharmacon International Tbk.
41	SGRO	Sampoerna Agro Tbk.
42	SIMP	Salim Ivomas Pratama Tbk.
43	SKLT	Sekar Laut Tbk.
44	SSMS	Sawit Sumbermas Sarana Tbk.
45	STTP	Siantar Top Tbk.
46	TBLA	Tunas Baru Lampung Tbk.
47	TGKA	Tigaraksa Satria Tbk.
48	ULTJ	Ultra Jaya Milk Industry & Trading Company Tbk.
49	UNSP	Bakrie Sumatra Plantations Tbk.
50	UNVR	Unilever Indonesia Tbk.
51	HERE	Victoria Care Indonesia Tbk.
52	WIIM	Wismilak Inti Makmur Tbk.

Source: Researcher's processed data (2026)

Data Analysis Methods

The data analysis method used is Structural Equation Modeling – Partial Least Square (SEM-PLS) with the help of SmartPLS software version 3. This method was chosen because it is able to analyze the relationship between latent variables and moderation variables and does not require strict normality assumptions. The stages of analysis include: (1) descriptive statistical analysis; (2) analysis of measurement models (outer models) through validity tests (convergent validity and discriminant validity) and reliability tests; and (3) structural model testing (inner model) through the Goodness of Fit test, Q^2 test, R^2 test, and hypothesis test with bootstrapping technique.

RESULTS AND DISCUSSION

Descriptive Statistical Test

Descriptive statistical analysis was used to determine the characteristics of the research data on each variable. Based on the descriptive analysis, a sample description was obtained as presented in Table 7.

Table 7. Descriptive Statistics

Variable	Red	Min	Max	Standard Deviation
Capital Intensity	0,465	0,250	0,867	0,224
Executive Character	0,141	0,260	1,070	0,116
Leverage	0,870	-1,810	33,356	0,927
Profitability	7,904	-14,238	5,340	6,630
Tax Avoidance	0,239	0,100	2,641	0,274

Source: SmartPLS 3.0 Data Processing Results

Based on Table 7, the average capital intensity value is 0.465 with a standard deviation of 0.224 which is smaller than the average value, indicating quite good data. The leverage and tax avoidance variables have a standard deviation greater than the average value, which indicates a fairly high data deviation and has the potential to cause bias in the research results.

Measurement Model Analysis (Outer Model)

Convergent Validity Test

The convergent validity test was carried out by looking at the outer loading value of each indicator against its construct. An indicator is said to be valid if the outer loading value > 0.5 (Chin, 1998). The test results are presented in Table 8 and Figure 1.

Table 8. Convergent Validity Test Results (Outer Loading)

Variable	Capital Intensity	Executive Character	Leverage	Profitability
Capital Intensity	1,000	-	-	-
Executive Character	-	1,000	-	-
Leverage	-	-	1,000	-
Profitability	-	-	-	1,000
Tax Avoidance	-	-	-	-

Source: SmartPLS 3.0 Data Processing Results

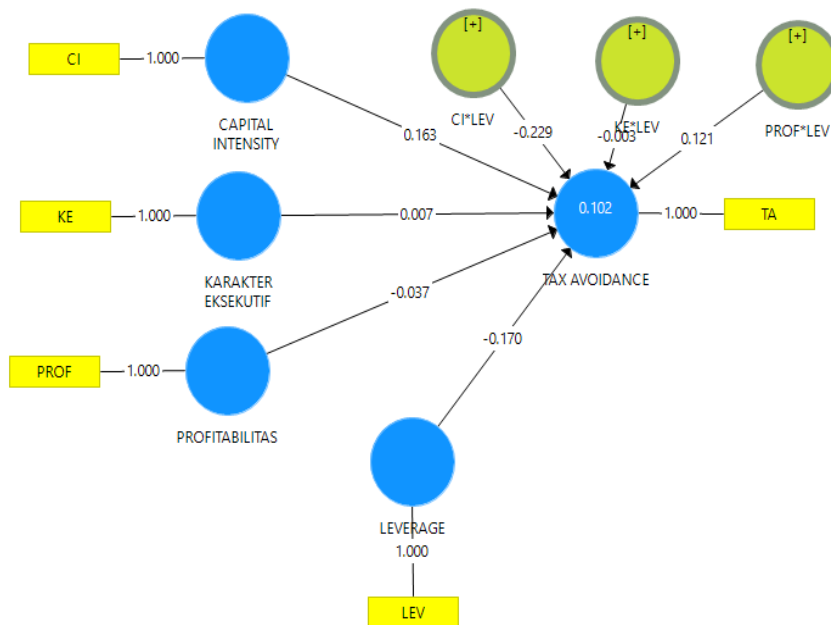


Figure 1. Convergent Validity Test Results Based on Outer Loading (Source: SmartPLS 3.0)

Based on the test results in Table 8 and Figure 1, all research variables, namely capital intensity, executive character, profitability, tax avoidance, and leverage, have an outer loading > 0.5 , which means that all research variables have met the convergence validity requirements.

Discriminant Validity and Reliability Test

The discriminant validity test was carried out by looking at the Average Variance Extracted (AVE) value. The construct meets the discriminant validity if the AVE value > 0.5 (Fornell & Larcker, 1981). The reliability test uses Composite Reliability (CR) and Cronbach's Alpha (CA) values, both of which must be > 0.70 . The test results are presented in Table 9.

Table 9. Construct Reliability and Validity

Variable	Cronbach's Alpha	rho_A	Composite Reliability	AVE
Capital Intensity	1,000	1,000	1,000	1,000
Executive Character	1,000	1,000	1,000	1,000
Leverage	1,000	1,000	1,000	1,000
Profitability	1,000	1,000	1,000	1,000
Tax Avoidance	1,000	1,000	1,000	1,000

Source: SmartPLS 3.0 Data Processing Results

Based on Table 9, all research variables have an AVE value of > 0.5 so that they have met the requirements for discriminant validity. In addition, all variables have a CR and CA values of > 0.7 which means that they have met the reliability requirements.

Structural Model Testing (Inner Model)

Model Fit Test (Goodness of Fit)

Table 10. Standardized Root Mean Square Residual (SRMR) Value

	SRMR
Saturated Model	0,000
Estimated Model	0,005

Source: SmartPLS 3.0 Data Processing Results

Based on Table 10, the SRMR value in the saturated model is 0.000 and in the estimated model is 0.005, both of which < 0.08 . Thus, the model was declared a perfect fit and feasible to test the research hypothesis (Hu & Bentler, 1999).

Table 11. Q Square Predictive Relevance (Q²) Value

Dependent Variable	Q ² Predictive Relevance	Remarks
Tax Avoidance	0,074	Has a good predictive relevance value

Source: SmartPLS 3.0 Data Processing Results

Based on Table 11, the dependent variable tax avoidance has a Q² value of $0.074 > 0$, so the model can be said to have a relevant predictive value (Chin, 1998).

Table 12. Adjusted R Square Value

Variable	R Square	R Square Adjusted
Tax Avoidance	0,102	0,058

Source: SmartPLS 3.0 Data Processing Results

Based on Table 12, the R² value of 0.102 indicates that the ability of independent variables to explain the variation of tax avoidance variables is 10.2%, while the remaining 89.8% is explained by other variables outside the model. Referring to the classification of Hair et al. (2022), this R² value is in the weak category. Nonetheless, the model is still valid.

Hypothesis Test (Bootstrapping)

Hypothesis testing was carried out using the bootstrapping technique on SmartPLS. Test criteria: $|t\text{-statistic}| > 1.96$ or $p\text{-value} < 0.05$, then the hypothesis is accepted (Hair et al., 2022). The test results are presented in Table 13 and Figure 2.

Table 13. Results of Intervariable Hypothesis Testing

Variable Relationships	Original Sample (O)	T Statistics (O/STDEV)	P Values	Remarks
Capital Intensity → Tax Avoidance	0,163	2,123	0,017	Accepted
Executive Character → Tax Avoidance	0,007	0,066	0,474	Rejected
Profitability → Tax Avoidance	-0,037	0,582	0,281	Rejected
CI*LEV → Tax Avoidance	-0,229	2,541	0,006	Accepted
KE*LEV → Tax Avoidance	-0,003	0,033	0,487	Rejected
PROF*LEV → Tax Avoidance	0,121	1,620	0,053	Accepted

Source: SmartPLS 3.0 Data Processing Results

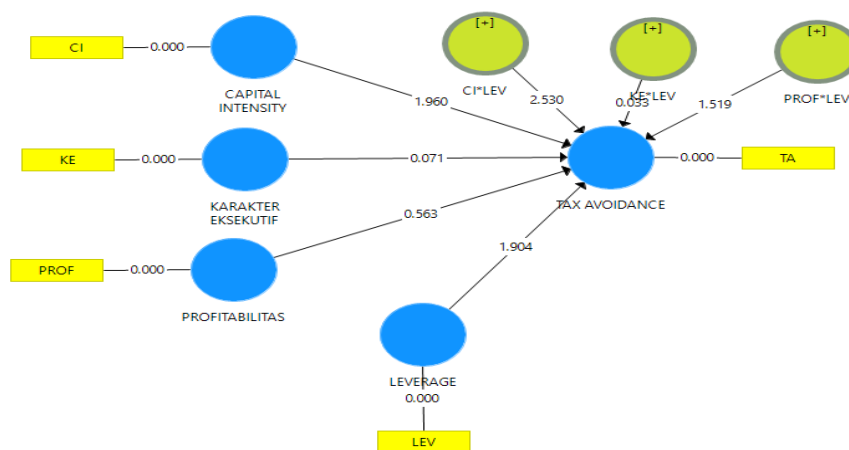


Figure 2. t-Structural Model Statistics (Source: SmartPLS 3.0)

The Effect of Capital Intensity on Tax Avoidance

Based on the test results, capital intensity had a positive effect on tax avoidance with a path coefficient value of 0.163, T-statistic of $2.123 > 1.96$, and P-value of $0.017 < 0.05$. These results show that the greater the proportion of a company's investment in fixed assets, the more the company's tendency to evade taxes increases. High fixed asset ownership will result in a large depreciation expense, so the company's taxable profit can be reduced. The company utilizes the fixed asset investment policy as one of the tax efficiency measures that are still in the tax provisions. These results are in line with the agency's theory that explains that management tends to carry out various strategies to minimize the company's burden, including tax burdens (Fatiha & Murtanto, 2024; G. K. Dewi & Andriyani, 2023; Yusnita, 2025).

The Influence of Executive Character on Tax Avoidance

Executive character has no effect on tax avoidance with a T-statistical value of $0.066 \leq 1.96$ and a P-value of $0.474 \geq 0.05$. These results show that the character of company executives, both risk takers and risk averse, is not the main factor that determines the high and low tax avoidance practices. Corporate tax policies are more influenced by rules, internal control systems, and supervision from external parties. This is in line with the agency theory which explains that management as an agent is not completely free in making decisions because there is still supervision from shareholders and other parties (Maulina & Pamulang, 2024; EkaputraT et al., 2020).

The Effect of Profitability on Tax Avoidance

Profitability had no effect on tax avoidance with a T-statistical value of $0.582 \leq 1.96$ and a P-value of $0.281 \geq 0.05$. The high and low ability of companies to generate profits is not a factor that affects tax avoidance practices. Companies that have high profitability are generally more careful in taking tax policies because of the risk of tax audits and the impact on the company's image. In addition, tax avoidance practices are more influenced by other factors such as company policies, asset structures, and supervisory mechanisms. These results are in line with Fatiha & Murtanto (2024) and Zahrani et al. (2023).

The Effect of Capital Intensity on Tax Avoidance with Leverage as a Moderation Variable

Leverage is able to moderate the influence of capital intensity on tax avoidance in a negative direction (T-statistic $2.541 > 1.96$, P-value $0.006 < 0.05$). This means that the higher

the company's leverage, the weaker the influence of capital intensity on tax avoidance. This condition occurs because companies with high debt levels have benefited from tax deductions from loan interest expenses, so they are no longer overly dependent on the utilization of fixed assets through depreciation costs. These results are supported by Khasanah & Indriyani (2021) and Arda & Yusuf (2025).

The Influence of Executive Character on Tax Avoidance with Leverage as a Moderation Variable

Leverage was not able to moderate the influence of executive character on tax avoidance (T-statistic $0.033 \leq 1.96$, P-value $0.487 \geq 0.05$). The level of corporate debt does not affect the relationship between executive character and tax avoidance practices because the company's tax policy is determined more by the company's supervision, tax regulations, and overall financial strategy than the individual character of the executive. These results are in line with EkaputraT et al. (2020).

The Effect of Profitability on Tax Avoidance with Leverage as a Moderation Variable

Leverage is able to moderate the effect of profitability on tax avoidance with a positive direction at a significance level of 10% (T-statistic 1,620; P-value 0.053). This means that the higher the company's profitability supported by a high level of leverage, the more the company's tendency to do tax avoidance increases. The use of high debt causes the emergence of interest expenses which can be used as a deduction for taxable profits, providing benefits in the form of tax shields for companies so that the tax avoidance incentive becomes stronger. These results are supported by S. Dewi & Karjantoro (2025) and Sofiamanan et al. (2023).

The Simultaneous Influence of Capital Intensity, Executive Character, and Profitability on Tax Avoidance

Simultaneously, capital intensity, executive character, and profitability affect tax avoidance in manufacturing companies in the non-cyclical consumer sector listed on the IDX for the 2023–2025 period with a value of R^2 of 10.2%. These three variables are interrelated in influencing company policies related to tax management. This is in line with the agency's theory that explains that management as an agent will try to increase the company's profits through various policies that are able to provide benefits to the company, including efficiency in tax burdens. In addition, signal theory also supports the results of this research, where the company tries to show good financial performance to investors through optimal corporate profits.

CONCLUSIONS

Based on the results of data analysis and testing on 52 manufacturing companies in the consumer non-cyclicals sector listed on the Indonesia Stock Exchange for the 2023-2025 period, this study concludes that: first, capital intensity has a positive and significant effect on tax avoidance because high investment in fixed assets results in a large depreciation expense so that it can reduce the company's taxable profit; second, the executive character has no effect on tax avoidance because tax decisions are more determined by the company's policies, internal supervisory systems, and applicable tax regulations; third, profitability has no effect on tax avoidance because companies with high profitability also consider the risk of tax audits and the company's reputation; fourth, leverage is able to weaken the influence of capital intensity tax avoidance (negative moderation) because companies with high leverage have benefited

from tax reduction through interest expenses; fifth, leverage is unable to moderate the influence of executive character on tax avoidance; sixth, leverage is able to strengthen the influence of profitability on tax avoidance (positive moderation) because the combination of high profits and high debt encourages the use of interest expenses as a tax deduction; and seventh, simultaneously capital intensity, executive character, and profitability affect tax avoidance. For further research, it is recommended to add variables such as corporate governance, company size, sales growth, or liquidity, expand the research object to other sectors listed on the Indonesia Stock Exchange, and extend the research period so that the results obtained are more comprehensive and representative.

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