



Jurnal Riset Akuntansi dan Keuangan



Journal homepage: <https://ejournal.upi.edu/index.php/JRAK/>

Tax Incentives, Leverage, and Profitability Effects on Tax Avoidance Through Accounting

Noprianto Noprianto¹, Imam Nazaruddin Latif², Andi Indrawati³

Faculty of Economics and Business, University 17 August 1945 Samarinda, Indonesia

*Correspondence: Email: noprianto968@gmail.com, latif.untag1945@gmail.com, andiindrawaty@yahoo.co.id

ABSTRACT	INFOARTIKEL
<p>This research investigates the effect of tax incentives, leverage, and profitability on tax avoidance, with accounting conservatism considered as a mediating factor. The study focuses on non-financial firms listed on the Indonesia Stock Exchange (IDX) during 2020–2025, applying a purposive sampling technique. The findings reveal that tax incentives positively influence both accounting conservatism and tax avoidance. However, accounting conservatism does not significantly affect tax avoidance and therefore does not function as a mediating variable. In addition, leverage and profitability negatively affect accounting conservatism but show no significant impact on tax avoidance. Overall, the results suggest that tax avoidance behavior is driven more by external factors, namely tax incentive policies, than by internal company characteristics. Practically, this highlights the importance of stricter oversight and regulation to ensure that tax incentives are not misused to promote excessive tax avoidance.</p> <p>© 2025 Kantor Jurnal dan Publikasi UPI</p>	<p>Article History: <i>Submitted/Received 20 Oct 2025</i> <i>First Revised 10 Nov 2025</i> <i>Accepted 17 Nov 2025</i> <i>First Available online 28 Nov 2025</i> <i>Publication Date 13 Dec 2025</i></p> <hr/> <p>Keywords: <i>Accounting Conservatism, Leverage, Profitability, Tax Avoidance, Tax Incentives</i></p>

1. INTRODUCTION

Financial statements in accounting activities are a series of activities to produce information that is useful for stakeholders, so that the information disclosed is of course comprehensive, easy to understand, and accurate. (Rasmon & Safrizal, 2022). Financial statements are used by internal parties, namely, the Manager and external parties, investors, employees, creditors and the government, for the benefit of the Company (Tias & Tyas, 2023).

In the preparation of financial reports, there is a concept called conservatism, this concept is a concept that recognizes income first and then recognizes expenses afterwards (Atika et al., 2021). Under accounting conservatism, businesses adopt a cautious approach by postponing the acknowledgment of gains and assets until they are certain, whereas possible losses and debts are recognized without delay. (Digital et al., 2022).

LITERATURE REVIEW

Accounting Conservatism

Accounting conservatism is the principle of the prudent of a management party in recording income and expenses to take into account all risks that may occur with an optimistic attitude of management acknowledging costs or losses that will inevitably occur relative to profits or income in the future (Setiawati & Lim, 2015).

According to the explanation above, accounting conservatism involves accelerating the recognition of likely costs and delaying or slowing down the recognition of likely revenues. A conservative approach to debt and asset valuation results in the highest value debt valuation, and the lowest value asset valuation (Yanuar & Chayaningtyas, 2025).

In this context, accounting conservatism aims to protect the interests of shareholders and creditors by anticipating potential future losses. By adopting a conservative approach to assessing liabilities and assets, companies can reduce the risk of financial statement manipulation that could harm stakeholders. Furthermore, conservatism can also increase market confidence in the sustainability and reliability of the company's financial information. (Muhammad Rizki Saputra, 2024).

In addition, accounting conservatism can support companies in dealing with future economic and financial uncertainties. By assuming that potential losses are more important than potential gains, firms are better prepared to face unexpected situations. This approach also enables companies to make wiser and more cautious decisions in managing existing risks. Thus, accounting conservatism plays a vital role in ensuring business continuity and maintaining public trust in the company. (Setiadi et al., 2023).

Tax Intensive

Tax incentives are instruments in the tax system that are used to attract foreign investors that will affect economic activities in a country based on government policies (Harini et al., 2020). This has a positive impact on increasing investment value as well as on sustainable tax revenue in the long term (Yanuar & Chayaningtyas, 2025).

If the manager strives to maximize the value of the company and minimize the tax burden, then the change in the rate will provide an incentive for the manager to carry out accounting conservatism (Sugiyarti & Rina, 2020).

Through tax incentives, managers are more likely to implement conservative accounting practices to reduce the firm's tax obligations. Such practices may affect investment choices and shape long-term business strategies. In addition, variations in tax rates can motivate managers to seek approaches that preserve competitiveness and optimize profitability. (Randa et al., 2021).

Therefore, variations in tax rates may serve as an important determinant in managerial decisions and corporate strategy. In addition, tax incentives can shape investment policies and influence overall business growth. Hence, it is essential for managers to incorporate tax considerations into financial decision-making and strategic planning. (Sugiyarti & Rina, 2020).

Leverage

Leverage is a ratio used to measure how much a company's assets are burdened with debt (Yuliani & Hasanuh, 2023).

Debt level in the business sense refers to the use of sources of funds from outside the company to fund a company's assets. Companies with high debts tend to choose conservative accounting because creditors tend to want companies to apply conservative accounting (Prawira & Mubarak, 2023).

Conservative accounting leads to lower reported earnings, which enables firms to more easily fulfill their debt obligations. By presenting understated profits, companies appear financially more stable to creditors, thereby reducing the likelihood of default. Moreover, this approach discourages aggressive reporting practices that might result in financial manipulation or legal complications. In general, the adoption of conservative accounting by highly leveraged firms strengthens trust and credibility with creditors, contributing to the long-term financial sustainability of the company. (Digital et al., 2022).

This method also enhances the accuracy of financial reporting by encouraging firms to apply caution in the recognition of revenues and assets. Through conservative practices, companies can prevent the overstatement of their financial position and avoid misleading investors and stakeholders. As a result, financial reports become more transparent and reliable, strengthening the company's credibility among both investors and the public. Furthermore, conservative accounting enables firms to better withstand economic downturns and market volatility, as it reduces their exposure to unexpected losses or liabilities. (Akhsani, 2018).

Profitability

Profitability is the company's proficiency to earn profits in its relationship with sales, the amount of assets and personal capital. Profitability is also defined as Return on Assets, which indicates how profitable a company is based on the total assets it owns (Yuliani & Hasanuh, 2023).

Profitability is used to measure a company's ability to earn profits (Halim, 2021). The profit contained in the financial statements implies the concept of prudence to reduce the risks that will occur (Solichah & Fachrurrozie, 2019).

Moreover, profitability serves as a fundamental measure of a company's financial strength and long-term viability. It is an essential consideration for investors, creditors, and stakeholders in evaluating the firm's potential for sustained success. Alongside Return on Assets, profitability is often assessed using ratios such as Return on Equity and Net Profit Margin, which provide meaningful insights into the efficiency with which a company leverages its resources to generate earnings. Ultimately, profitability is a critical determinant of corporate performance and competitiveness within the marketplace. (Widyasari & Meiranto, 2019).

Tax Avoidance

Tax avoidance is an effort to reduce taxes that are carried out legally because they do not conflict with tax provisions, by using deficiencies in tax laws and regulations (Anggriantari & Purwantini, 2020). Tax avoidance is allowed because this action does not violate tax regulations (Rasmon et al., 2022).

In contrast, tax evasion refers to unlawful practices such as concealing income, inflating deductions, or hiding assets to evade tax obligations (Smith & Johnson, 2019). Unlike tax avoidance, which remains within legal boundaries, tax evasion constitutes a criminal act that may result in substantial penalties, including monetary fines and imprisonment. Distinguishing between tax avoidance and tax evasion is essential for understanding the ethical and legal dimensions of reducing tax liabilities. Whereas tax avoidance is a lawful method of minimizing taxes, tax evasion clearly falls into illegal conduct (Muhammad Rizki Saputra, 2024).

HYPOTHESIS DEVELOPMENT

The existence of tax incentives can reduce the need for companies to report profits conservatively. When the tax burden is reduced due to incentives, the pressure to present a prudent financial outlook may decrease. Management may be more likely to report higher earnings to attract investors or meet performance targets.

This incentive is in the form of a discount on the tax rate imposed on managers, with the aim of reducing tax expenses. In the year before the new tax rate was established, this adjustment was expected to encourage accounting conservatism (Yanuar & Chayaningtyas, 2025).

The level of use of corporate tax incentives can have an impact on accounting conservatism because income taxes are often directly related to business profits and affect profit calculations. This happens because income tax affects accounting methods in financial reporting, to delay tax payments through delays in revenue recognition and speed up expense recognition. The government focuses more on large companies because they tend to do tax planning to increase their profits (Sugiyarti & Rina, 2020).

The variable tax incentive has an impact on accounting conservatism, (Randa et al., 2021) Confirming tax incentives also has an impact on accounting conservatism (Stiawan et al., 2022). The following is a hypothesis that can be made:

H1: Tax incentives have an effect on accounting conservatism.

Companies with high levels of leverage face greater risk of bankruptcy and stricter supervision from creditors (Akhsani, 2018). In these situations, management tends to apply more

conservative accounting practices to provide a more cautious view of the company's financial condition and reduce the potential for misleading information for creditors (ZAHRO et al., 2022).

The greater the leverage, the greater the creditors' entitlement to supervise business operations and the application of accounting within the firm. (Arthasari & Dwiati, 2022)(Akhsani, 2018). Consequently, firms are more likely to practice conservative accounting, suggesting that leverage plays a role in shaping accounting conservatism.

H2: Leverage has an effect on accounting conservatism.

Highly profitable companies may find it less necessary to implement conservative accounting practices (Setiadi et al., 2023). High profits provide a considerable buffer, so management may focus more on reporting high profits to show good performance to shareholders (Umah & Surnarto, 2022).

The higher the profitability, the more profit the company earns, the more profit it will get, which can affect the high attention of investors to the company.(Widyasari & Meiranto, 2019). The higher the profitability rate, the better the company. This condition occurs when profitability increases, so the company uses capital more effectively to improve the company's performance capabilities, so that the company's profit increases. Based on this explanation, the third hypothesis of this study is:

H3: Profitability has an effect on accounting conservatism.

Taxable income is based on the company's reported profit and is subject to tariffs in accordance with applicable tax regulations, where the tendency is that the company tries to implement tax-planning with the intention of minimizing costs incurred in paying taxes but does not violate the applicable tax regulations (Rasmon & Safrizal, 2022).

The existence of tax incentives can provide opportunities for companies to carry out more aggressive tax planning in taking advantage of the tax loopholes or reliefs provided, thereby increasing tax avoidance practices.

H4: Tax incentives affect tax avoidance.

Companies with high levels of debt (leverage) tend to have greater financial pressure. This can encourage management to practice tax avoidance as a way to reduce the outflow burden for tax payments.

H5: Leverage affects tax avoidance.

More profitable companies may have greater resources and are less motivated to undertake high-risk tax avoidance practices. Additionally, highly profitable companies may be more focused on growth and a good corporate image, which can be disrupted by aggressive tax avoidance practices.

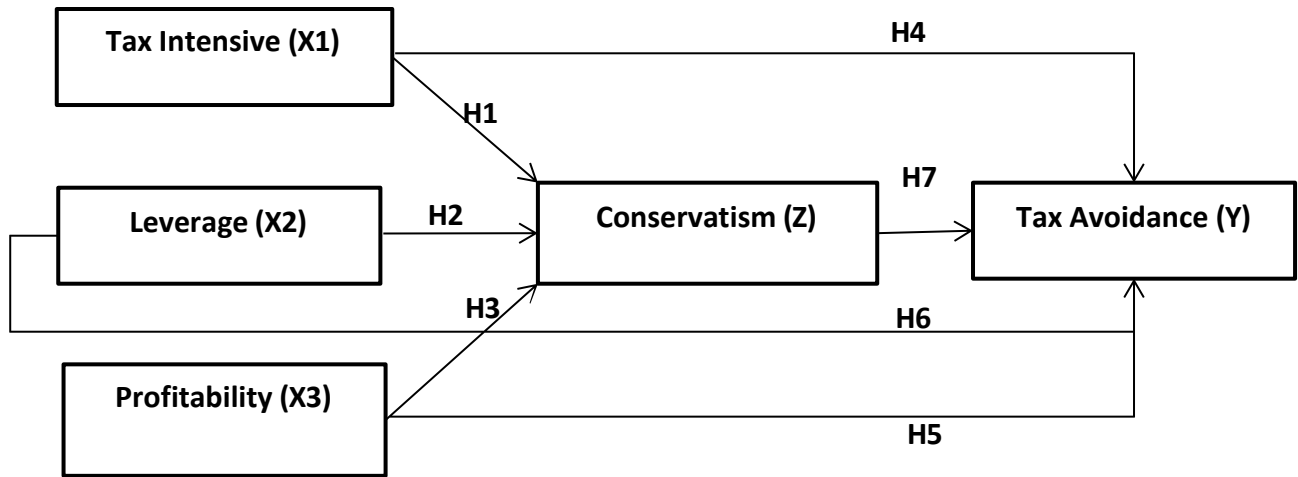
H6: Profitability affects tax avoidance.

Conservative accounting tends to result in lower and more cautious earnings reporting. The prudential principle in conservatism can limit the use of aggressive accounting methods that are

often used for tax avoidance purposes. In addition, higher transparency due to conservatism can reduce the scope for risky tax avoidance practices.

H7: Accounting conservatism has an effect on tax avoidance.

CONCEPT FRAMEWORK



2. METHODOLOGY

This research employs a quantitative method with an explanatory (causal) design to analyze the impact of tax incentives, leverage, and profitability on tax avoidance through accounting conservatism.

The population for this study includes all non-financial firms listed on the Indonesia Stock Exchange (IDX) from 2020 to 2025. The financial sector was excluded because of its unique accounting features.

This study used a purposive sampling technique, based on the following criteria:

- Non-financial firms that were continuously listed on the stock exchange throughout the 2020-2025 period.
- Availability of complete and audited annual financial reports.
- No significant losses for three consecutive years.
- Disclosing all the data required to measure the research variables.

Data were analyzed using the SEM-PLS approach in Structural Equation Modeling, facilitated by SmartPLS 4 software. The reasons for using SEM-PLS include that this method does not require normal distribution, can be used for small to medium sample counts, and is suitable for complex models with mediating variables.

Variable	Indicators	Reverence
Accounting Conservatism (Z)	$CONNAC = \frac{(NIO + DEP - CFO) \times (-1)}{TA}$	(Saputri et al., 2024)

Tax Avoidance (Y)	$CETR = \frac{Cash\ Tax\ Paid\ i,t}{Pretax\ Income\ i,t}$	(Windaryani & Jati, 2017)
Tax Intensive (X1)	$TAX\ PLAN\ (TP) = \frac{Tarif\ pph\ (PTI-CIE)}{TA}$	(Stiawan et al., 2022)
Leverage (X2)	$Debt\ Equity\ Ratio = \frac{Liabilities}{Equity}$	(Dewi & Manda, 2022)
Profitability (X3)	$ROE/Return\ On\ Equity = \frac{Laba\ Bersih\ setelah\ pajak}{Total\ Ekuitas}$	(Yuliani & Hasanuh, 2023)

Table 1. Variable Operations and Measurement

This study uses the SEM-PLS approach to analyze the relationships among several variables. Specifically, it examines how tax incentives (TAXPLAN), leverage (DER), and profitability (ROE) affect accounting conservatism (CONNAC). It also investigates the direct and indirect influence of these variables on tax avoidance (CETR), with accounting conservatism acting as a mediating variable. The data analysis was conducted using SmartPLS 4.

3. RESULTS AND DISCUSSION

Based on the results of data processing with SmartPLS 4, the relationship between variables was obtained in accordance with the established research model. The hypothesis test results revealed that not all variables had a significant effect in the hypothesized direction. A detailed discussion of these findings follows.

	Tax Incentives	Conservatism in Accounting	Leverage	Profitability	Tax Avoidance
IP.2021	0,64861				
IP.2022	0,65208				
KA.2021		0,62917			
KA.2022		0,64236			
LV.2020			0,67292		
LV.2021			0,68194		
LV.2022			0,59444		
LV.2023			0,68056		
LV.2024			0,66944		
PF.2020				0,58472	
PF.2021				0,61736	
PF.2022				0,64792	
PF.2023				0,66875	
PF.2024				0,65139	
FY.2021					0,65
FY.2022					0,65069

Table 2. Outer Loading Value

Source: Processed data 2025

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average Variance Extracted (AVE)
Tax Incentives	0.860	0.861	0.935	0.877
Accounting Conservatism	0.808	0.814	0.912	0.838
Leverage	0.973	0.978	0.979	0.905
Tax Avoidance	0.860	0.860	0.935	0.877
Profitability	0.955	1.091	0.962	0.835

Table 3. Construct Validity and Reliability

Source: Processed data 2025

The results from the construct validity and reliability tests show that all variables in this study satisfy the established criteria. With Cronbach’s alpha values greater than 0.70 for each construct, the study confirms strong internal reliability. Among them, leverage records the highest value at 0.973, while accounting conservatism has the lowest at 0.808, yet still within the acceptable threshold. Furthermore, both composite reliability measures (rho_a and rho_c) exceed 0.70 for all constructs, demonstrating consistency in capturing the intended variables. The Average Variance Extracted (AVE) values also surpass the minimum requirement of 0.50, ranging from 0.835 to 0.905, which confirms adequate convergent validity since a substantial portion of the variance in the indicators is explained by the constructs. In conclusion, the results confirm the validity and reliability of the measurement model, thereby providing a sound basis for its application in the subsequent structural model analysis.

	Original sample (O)	Sample average (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
IP.2021 <- Tax Incentives	0.934	0.936	0.045	20.721	0.000
IP.2022 <- Tax Incentives	0.939	0.943	0.037	25.443	0.000
KA.2021 <- Accounting Conservatism	0.906	0.898	0.081	11.179	0.000
KA.2022 <- Accounting Conservatism	0.925	0.922	0.053	17.448	0.000
LV.2020 <- Leverage	0.969	0.965	0.056	17.178	0.000
LV.2021 <- Leverage	0.982	0.980	0.056	17.427	0.000
LV.2022 <- Leverage	0.856	0.843	0.165	5.179	0.000
LV.2023 <- Leverage	0.980	0.979	0.057	17.111	0.000
LV.2024 <- Leverage	0.964	0.962	0.061	15.779	0.000
PF.2020 <- profitability	0.842	0.794	0.203	4.154	0.000

	Original sample (O)	Sample average (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
PF.2021 <- profitability	0.889	0.844	0.184	4.821	0.000
PF.2022 <- profitability	0.933	0.877	0.181	5.150	0.000
PF.2023 <- profitability	0.963	0.902	0.202	4.778	0.000
PF.2024 <- profitability	0.938	0.880	0.183	5.112	0.000
FY.2021 <- Tax Avoidance	0.936	0.939	0.042	22.354	0.000
FY.2022 <- Tax Avoidance	0.937	0.940	0.040	23.692	0.000

Table 4. Results T-statistic
Source: Processed data 2025

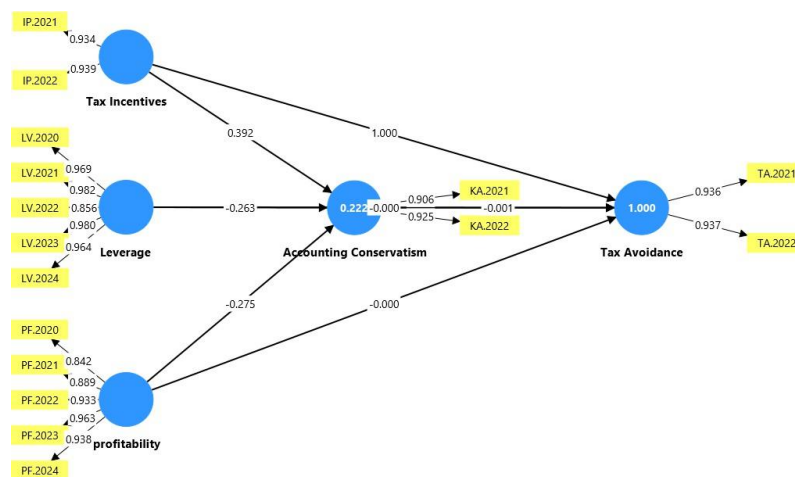


Figure 1. SEM -PLS Model
Source: Processed data 2025

Tax Incentives had a moderate effect on Accounting Conservatism ($f^2 = 0.144$). This means that the tax incentive policy has quite an impact on the application of the principle of conservatism. The effect of Tax Incentives on Tax Avoidance was very dominant ($f^2 = 18046.175$). This value goes far beyond Cohen's standards, so it can be concluded that tax incentives are the most powerful factor in explaining tax avoidance practices. Accounting conservatism on Tax Avoidance has only a small effect ($f^2 = 0.034$), so the application of conservatism does not contribute much to tax avoidance. Leverage on Accounting Conservatism (0.067) and Tax Avoidance (0.002) showed a weak, even almost insignificant influence on Tax Avoidance. Profitability showed little effect on Accounting Conservatism (0.091), but almost no effect on Tax Avoidance (0.002).

Relationships Between Variables	F-Square	Information
Tax Incentives → Accounting Conservatism	0.144	Keep

Tax Incentives → Tax Avoidance	18046.175	Very Large (dominant)
Accounting Conservatism → Tax Avoidance	0.034	Small
Leverage → Accounting Conservatism	0.067	Small
Leverage → Tax Avoidance	0.002	Very Small
Profitability → Accounting Conservatism	0.091	Small
Profitability → Tax Avoidance	0.002	Very Small

Table 5. The value of f-square
Source: Processed data 2025

This study used a bootstrapping procedure for hypothesis testing, evaluating the structural model's outcomes including R-squared, parameter estimates, and t-statistics. The acceptance or rejection of hypotheses was based on the significance values, t-statistics, and p-values, with a t-statistic above 1.96, a p-value of 0.05 or lower, and a positive beta coefficient as the criteria. The analysis was conducted using SmartPLS 4.1.1.4 Free Trial, and the hypothetical results are summarized in Table 6.

Hypothesis Code	Relationship Pathway	Path Coefficients	Test Results	Conclusion
H1	Tax Incentives → Accounting Conservatism	0,392	Significant (+)	Accepted
H2	Leverage → Accounting Conservatism	-0,263	Significant (-)	Rejected
H3	Profitability → Accounting Conservatism	-0,275	Significant (-)	Rejected
H4	Tax Incentives → Tax Avoidance	1,000	Significant (+)	Accepted
H5	Leverage → Tax Avoidance	-0,000	Insignificant	Rejected
H6	Profitability → Tax Avoidance	-0,000	Insignificant	Rejected
H7	Accounting Conservatism → Tax Avoidance	-0,001	Insignificant	Rejected

Table 6. Hypothesis Testing Recapitulation
Source: Processed data 2025

H1: Tax Incentives Influence Accounting Conservatism

The analysis reveals a path coefficient of 0.392 between tax incentives and accounting conservatism, indicating a positive relationship. This suggests that the more tax incentives a company obtains, the more likely it is to apply conservative accounting practices. These findings are consistent with prior studies (Randa et al., 2021; Stiawan et al., 2022), which confirm the impact of tax incentives on accounting conservatism. Theoretically, tax incentives shape the accounting methods applied in financial reporting since taxable income is directly linked to reported commercial income. Incentives provide firms with opportunities to postpone revenue recognition or accelerate expense recognition, thereby producing more conservative financial statements. Thus, the first hypothesis **is supported**.

H2: Leverage affects Accounting Conservatism

The estimation results show that the leverage path coefficient for accounting conservatism is -0.263 . This negative value contradicts the initial assumption that leverage will increase accounting conservatism. This means that the higher the leverage is actually followed by the lower the application of accounting conservatism.

These results are not in line with previous findings (Akhsani, 2018; Zahro et al., 2022) who argue that companies with high levels of debt tend to be more cautious in financial reporting to reduce the risk of misleading information for creditors. Instead, the study's findings can be explained by the fact that high-leveraged companies prefer to report higher profits aggressively to maintain creditor and market confidence. Therefore, the second hypothesis **is rejected**.

H3: Profitability affects Accounting Conservatism

The profitability path coefficient for accounting conservatism was obtained as -0.275 , which means that it has a negative influence. These results do not match the previously proposed hypothesis. These findings show that the higher the profitability of the company, the lower the application of accounting conservatism.

The explanation for this result is that companies that have high profit rates tend to want to maintain their reputations and attract investor interest by displaying financial statements that show maximum profits. This reduces the tendency of companies to report earnings cautiously. These findings differ from theories that claim high profitability encourages conservative attitudes, but support studies that emphasize the existence of profit management tendencies in highly profitable companies (Setiadi et al., 2023; Rumah & Surnarto, 2022). Therefore, the third hypothesis **is rejected**.

H4: Tax Incentives Influence Tax Avoidance

The analysis indicates that tax incentives exert a very strong positive effect on tax avoidance, with a path coefficient of 1.000 . This suggests that the greater the incentives received by a company, the higher its likelihood of engaging in tax avoidance practices. These findings are consistent with Rasmon & Safrizal (2022), who argue that tax incentives can serve as a tool for aggressive tax planning. Firms utilize government-granted incentives to minimize their tax burden within the legal framework, though such practices often manifest as tax avoidance. Therefore, the fourth hypothesis **is accepted**.

H5: Leverage influences Tax Avoidance

The path coefficient of leverage on tax avoidance is -0.000 , which is nearly zero, indicating that leverage has no significant impact on tax avoidance. This result contradicts the proposed hypothesis that anticipated a positive effect. In other words, the extent of corporate debt does not determine the firm's likelihood of engaging in tax avoidance. Companies with high leverage tend to prioritize meeting interest obligations and sustaining creditor relationships rather than adopting tax avoidance strategies. Hence, the fifth hypothesis **is rejected**.

H6: Profitability affects Tax Avoidance

The test results show that profitability has a path coefficient of -0.000 for tax avoidance. This value is very small and insignificant, so it can be concluded that profitability has no effect on tax avoidance practices.

These results do not support the initial hypothesis and previous research (Widyasari & Meiranto, 2019; Umah & Surnarto, 2022) which states that the level of profitability affects the company's tendency to avoid tax avoidance. These findings indicate that tax avoidance practices are more determined by external factors, such as tax incentives, than internal conditions in the form of the company's profitability level. Thus, the sixth hypothesis **is rejected**.

H7: Accounting Conservatism Affects Tax Avoidance

The coefficient of the accounting conservatism path to tax avoidance is -0.001 which is negative, but the value is so small that it is considered insignificant. This shows that accounting conservatism has no effect on tax avoidance practices.

These findings show that the application of conservative principles is not used by companies as a strategy to reduce the tax burden. Companies are more likely to take advantage of available tax incentives than using conservative accounting principles for tax planning purposes. Thus, the seventh hypothesis **is rejected**.

4. CONCLUSION

Based on the SmartPLS data analysis, this study concludes that only Tax Incentives have a significant effect on the model's variables. Tax Incentives are found to have a positive influence on Accounting Conservatism (path coefficient = 0.392) and a very strong influence on Tax Avoidance (path coefficient = 1.000). This indicates that as a company receives greater tax incentives, its tendency to apply accounting conservatism and its potential for tax avoidance both increase.

On the other hand, accounting conservatism did not significantly influence tax avoidance, as shown by its path coefficient of -0.001. Therefore, its role as a mediating variable was not supported in this study. This suggests that while tax incentives can increase accounting conservatism, accounting conservatism itself does not contribute to tax avoidance practices.

Furthermore, internal company variables such as Leverage and Profitability show a negative influence on Accounting Conservatism, with coefficients of -0.263 and -0.275, respectively. This indicates that the higher the leverage or profitability of the company, the lower the application of accounting conservatism. Nevertheless, neither leverage nor profitability have a significant influence on Tax Avoidance, with a path coefficient close to zero.

Overall, it can be concluded that the practice of Tax Avoidance in this study is more influenced by external factors in the form of Tax Incentives than by internal factors such as leverage, profitability, and accounting conservatism. This finding implies that fiscal policy in the form of providing tax incentives that should aim to ease the burden on companies has the potential to encourage companies to carry out tax avoidance strategies. Therefore, strict supervision and regulation are needed so that the provision of tax incentives does not lead to excessive tax avoidance practices.

5. Reference

Akhsani, M. Y. (2018). *THE EFFECT OF GROWTH OPPORTUNITY, LEVERAGE, FINANCIAL DISTRESS, AND COMPANY SIZE ON ACCOUNTING CONSERVATISM*.

Anggriantari, C. D., & Purwantini, A. H. (2020). *PENGARUH PROFITABILITAS, CAPITAL INTENSITY,*

INVENTORY INTENSITY, DAN LEVERAGE PADA. 137–153.

- Arthasari, N. A., & Dwiati, A. R. (2022). *EFFECT OF MANAGERIAL OWNERSHIP, AUDIT COMMITTEE, PROFITABILITY AND LEVERAGE*. <https://doi.org/10.29407/jae.v7i1.16994>
- Atika, E., Bustari, A., & M., A. (2021). The Effect Of Tax Incentive, Leverage, Size And Profitability On Accounting Konservatism (Studies Empirical On Manufacturing Companies Listed On The Bei Period 2014-2018). *Pareso Jurnal*, 3(1), 23–36. www.bapepam.go.id
- Dewi, S. M., & Manda, G. S. (2022). Pengaruh Likuiditas Dan Leverage Terhadap Profitabilitas Pada Perusahaan Makanan Serta Minuman Yang Terdaftar Di Bei Tahun 2016-2020. *Jurnal Riset Akuntansi Dan Manajemen Malahayati*, 11(1), 19–23. <https://doi.org/10.33024/jrm.v11i1.5983>
- Digital, L., Guru, B., Calon, D. A. N., Sekolah, G., Penunjang, S., & Dan, P. (2022). *THE EFFECT OF DEBT COVENANT, LEVERAGE, GROWTH OPPORTUNITIES AND FINANCIAL DISTRESS ON ACCOUNTING CONSERVATISM (Study on Transportation Sub-Sector Companies listed on the Indonesia Stock Exchange IDX Period (2017- 2019))*. 2(1), 87–94.
- Halim, K. I. (2021). Pengaruh Arus Kas Operasi, Pertumbuhan Perusahaan, Leverage Dan Profitabilitas Terhadap Konservatisme Akuntansi. *JAZ:Jurnal Akuntansi Unihaz*, 4(1), 37. <https://doi.org/10.32663/jaz.v4i1.2086>
- Harini, G., Syamra, Y., & Puguh, S. (2020). *Pengaruh Insentif Pajak, Pajak, dan Cash Flow terhadap Konservatisme*. 1(Januari), 10–23.
- Muhammad Rizki Saputra, L. K. (2024). *PENGARUH KONSERVATISME AKUNTANSI, CAPITAL INTENSITY, LEVERAGE, DAN PROFITABILITAS TERHADAP TAX AVOIDANCE (STUDI EMPIRIS PADA PERUSAHAAN PROPERTY DAN REAL ESTATE YANG TERDAFTAR DI BURSA EFEK INDONESIA PERIODE 2020-2022)*. 25(01), 1–9.
- Prawira, W. A., & Mubarak, P. A. (2023). Pengaruh Tingkat Utang (Leverage), Kepemilikan Manajerial, Dan Profitabilitas Terhadap Penerapan Konservatisme Akuntansi Pada Perusahaan Konstruksi Dan Real Estate Yang Terdaftar Di Bursa Efek Indonesia Tahun 2017-2019. *Jurnal Riset Perbankan, Manajemen, Dan Akuntansi*, 7(1), 64. <https://doi.org/10.56174/jrpma.v7i1.112>
- Randa, Afifudin, & Hariri. (2021). *PENGARUH INSENTIF PAJAK DAN CASH FLOW TERHADAP KONSERVATISME AKUNTANSI PADA PERUSAHAAN MANUFAKTUR YANG TERDAFTAR DI BEI TAHUN 2017-2019*. 10(01), 43–56.
- Rasmon, Kamaliah, & Indrawati, N. (2022). The Effect Of Financial Distress And Leverage On Accounting Conservatism Mediated By Tax Avoidance Of Transportation Companies Listed On Indonesian Stock Echange 2017-2019. *The Effect Of Financial Distress And Leverage On Accounting Conservatism Mediated By Tax Avoidance Of Transportation Companies Listed On Indonesian Stock Echange 2017-2019*, 6(2), 128–141. <http://www.ejournal.pelitaIndonesia.ac.id/ojs32/index.php/BILANCIA/index>
- Rasmon, R., & Safrizal, S. (2022). Pengaruh Financial Distress dan Insentif Pajak Terhadap Konservatisme Akuntansi (Studi Pada Perusahaan Sektor Transportasi yang Terdaftar di BEI Periode 2017-2019). *Jurnal IAKP: Jurnal Inovasi Akuntansi Keuangan & Perpajakan*, 3(2), 123. <https://doi.org/10.35314/iakp.v3i2.2898>

- Saputri, M. Y., Nurtati, N., & Wahyuni EDT, R. (2024). Pengaruh Financial Distress Dan Leverage Terhadap Konservatisme Akuntansi Pada Perusahaan Ritel Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Point Equilibrium Manajemen Dan Akuntansi*, 6(1), 63–74. <https://doi.org/10.59963/jpema.v6i1.297>
- Setiadi, I., Nurwati, & Widodo. (2023). *DETERMINAN KONSERVATISME AKUNTANSI PERUSAHAAN MANUFAKTUR DI INDONESIA*. 9(1), 63–71.
- Setiawati, L. W., & Lim, M. (2015). KESULITAN KEUANGAN PENGARUHNYA TERHADAP KONSERVATISME AKUNTANSI PADA PERUSAHAAN SEKTOR FOOD AND BEVERAGE. *Badruzaman JAJANG*, 12(1), 29–57.
- Solichah, N., & Fachrurrozie. (2019). *Effect of Managerial Ownership , Leverage , Firm Size and Profitability on Accounting Conservatism*. 8(3), 151–157. <https://doi.org/10.15294/aaj.v8i3.27847>
- Stiawan, H., Ningsih, F. E., & Nurani, S. (2022). Pengaruh Insentif Pajak, Financial Distress, dan Capital Intensity Terhadap Konservatisme Akuntansi. *Ekonomi, Keuangan, Investasi Dan Syariah (EKUITAS)*, 3(3), 510–520. <https://doi.org/10.47065/ekuitas.v3i3.1086>
- Sugiyarti, L., & Rina, S. (2020). *PENGARUH INSENTIF PAJAK, FINANCIAL DISTRESS, EARNING PRESSURE TERHADAP KONSERVATISME AKUNTANSI*. 4(1), 65–74. <https://doi.org/10.32630/sukowati.v4i1.148>
- Tias, N. A., & Tyas, M. (2023). Mekanisme Growth Opportunity, Leverage dan Financial Distress terhadap Konservatisme Akuntansi. *CAPITAL: Jurnal Ekonomi Dan Manajemen*, 6(2), 467. <https://doi.org/10.25273/capital.v6i2.15457>
- Umah, A. K., & Surnarto. (2022). *FAKTOR-FAKTOR YANG MEMPENGARUHI MANAJEMEN LABA PADA PERUSAHAAN MANUFAKTUR TAHUN 2015-2020*. 531–540.
- Widyasari, E. A., & Meiranto, W. (2019). PENGARUH LEVERAGE, LIKUIDITAS, DAN PROFITABILITAS TERHADAP KONSERVATISME AKUNTANSI (Studi Empiris pada Perusahaan Indeks Kompas100 yang Terdaftar di Bursa Efek Indonesia. *Diponegoro Journal of Accounting*, 12(4), 1–14. <http://ejournal-s1.undip.ac.id/index.php/accounting>
- Windaryani, G. A. I., & Jati, K. (2017). Pengaruh Ukuran Perusahaan, Kepemilikan Institusional, dan Konservatisme Akuntansi pada Tax Avoidance. *The Routledge Companion to Tax Avoidance Research*, 197–211. <https://doi.org/10.4324/9781315673745-13>
- Yanuar, E., & Chayaningtyas, F. (2025). *TINGKAT KESULITAN KEUANGAN, PELUANG PERTUMBUHAN, DAN INSENTIF PAJAK: IMPLIKASINYA PADA KONSERVATISME AKUNTANSI*. 10(1), 23–45.
- Yuliani, F., & Hasanuh, N. (2023). Pengaruh Leverage Dan Profitabilitas Terhadap Konservatisme Akuntansi Pada Perusahaan Publik Atau Emiten Sektor Keuangan Sub Sektor Bank Yang Terdaftar Di Bei Tahun 2018-2020. *JOURNAL SCIENTIFIC OF MANDALIKA (JSM) e-ISSN 2745-5955 / p-ISSN 2809-0543*, 4(3), 35–42. <https://doi.org/10.36312/10.36312/vol4iss3pp35-42>
- ZAHRO, R. T., MARLINAH, A., & SUPRIATNA, D. (2022). *FAKTOR-FAKTOR YANG MEMENGARUHI KONSERVATISME AKUNTANSI*. 2(4), 641–652.