

The Effect of Profitability and Leverage on Tax Avoidance with Good Corporate Governance as a Mediating Variable

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Abstract

This study aims to analyze the effect of profitability, leverage, and good corporate governance on tax avoidance, as well as to examine the role of good corporate governance as a mediating variable in the relationship between profitability and leverage on tax avoidance in *Food and Beverage subsector companies* listed on the Indonesia Stock Exchange for the 2021–2024 period. This study uses a quantitative approach with secondary data obtained from the companies' annual financial reports. Data analysis was conducted using descriptive statistics, classical assumption tests, multiple linear regression analysis, path analysis, and the Sobel test. The results show that profitability has no significant effect on tax avoidance. Leverage has a negative and significant effect on tax avoidance, while good corporate governance also has a negative and significant effect on tax avoidance. The mediation test shows that good corporate governance is unable to mediate the effect of profitability on tax avoidance, but is able to mediate the effect of leverage on tax avoidance. The results of this study indicate that tax avoidance practices in *Food and Beverage subsector companies* are more influenced by the company's funding structure and the effectiveness of corporate governance mechanisms than by the company's level of profitability.

Keywords

Profitability, Leverage, Good Corporate Governance, Tax Avoidance, Cash Effective Tax Rate (CETR)



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INTRODUCTION

Taxes play a crucial role in maintaining the sustainability of a country's development, particularly in the context of developing countries like Indonesia. Taxes are the backbone of state revenues in supporting national development (Sirait & Lie, 2025). In Indonesia, tax revenues contribute the largest proportion to the State Budget (APBN) (Adilla et al., 2025). According to Diamastuti (2012), the modern tax system involves the government implementing a self-assessment system, where taxpayers are entrusted with calculating, paying, and reporting their own tax obligations. This system demands a high level of compliance and integrity from

taxpayers, including companies as business entities that contribute significantly to state revenue (Syawali & Machdar, 2025). Efforts to minimize the tax burden can be carried out in two ways: illegally (tax evasion) or legally (tax avoidance). Tax avoidance is a tax avoidance strategy carried out by exploiting loopholes in tax regulations without explicitly violating the law (Syawali & Machdar, 2025). Although legally permitted, this practice is often seen as an action that goes against the spirit of tax compliance because it can reduce potential state revenue.

The phenomenon of tax avoidance has become a crucial issue in accounting and taxation because it concerns the balance between corporate and state interests (Prasetyawati & Fuadah, 2025). From a corporate perspective, taxes are viewed as a burden that can reduce net profits and dividends distributed to shareholders (Soemarsono et al., 2024). Therefore, corporate management has an incentive to engage in efficient tax planning to legally minimize tax liabilities (Selviana & Fidiana, 2023). On the other hand, the government has an interest in ensuring that companies pay taxes in accordance with applicable regulations. When tax avoidance practices are aggressive, state revenues can be significantly eroded (Firman et al., 2025). This situation has the potential to hamper development financing and create inequality in the tax burden among taxpayers (Lusia et al., 2025). One factor suspected of influencing tax avoidance practices is profitability (Thirza & Lukman, 2026). Profitability reflects a company's ability to generate profits from its operational activities (Armstrong et al., 2020). Companies with high profitability will face greater tax liabilities (Haryanti, 2021). This can encourage management to seek tax-saving strategies to maintain returns to investors (Pramudya & Rahayu, 2021).

However, the relationship between profitability and tax avoidance is not always linear (Kovermann & Velte 2021). Highly profitable companies also tend to come under the scrutiny of tax authorities and the public (Myndarto, 2022). High reputational risk can make large, profitable companies more cautious about engaging in tax avoidance practices (Reback, 2009). Therefore, the effect of profitability on tax avoidance remains an interesting empirical debate worthy of further research. Another relevant factor is leverage, which is the degree of debt used in a company's capital structure. Leverage influences tax avoidance because interest expenses from debt can be deducted from taxable income (Monica et al., 2023). Companies with high debt levels naturally have a lower tax burden due to the deductibility of interest expenses. This condition can reduce the need for companies to undertake additional tax avoidance strategies (Irawati et al., 2021). However, on the other hand, highly leveraged companies also face pressure from creditors to maintain stable financial

performance (Prasetya & Muid, 2022). This pressure can encourage management to increase profits through various strategies, including aggressive tax management (Graham et al., 2020).

In addition to financial factors, corporate governance plays a crucial role in controlling management behavior (Sari & Somoprawiro, 2020). Corporate governance is a system that regulates and controls a company to ensure it operates in accordance with the principles of transparency, accountability, responsibility, independence, and fairness (G20/OECD Principles of Corporate Governance 2015, 2015). Governance mechanisms such as the presence of independent commissioners, audit committees, and institutional ownership can strengthen oversight of management policies, including tax policies (Sunarto et al., 2021).

According to Umiyati & Andriani (2023) Good corporate governance is believed to be able to suppress opportunistic tax avoidance practices. With strict oversight, management will be more cautious in making high-risk decisions (Umiyati & Andriani, 2023). Conversely, weak governance can open up opportunities for management to implement aggressive tax avoidance strategies for short-term gain (Firman et al., 2025). Based on this description, it can be concluded that tax avoidance is a complex phenomenon influenced by various internal company factors. Profitability, leverage, and corporate governance are variables that theoretically and empirically have the potential to influence the level of tax avoidance (Prasetya & Muid, 2022). Therefore, this study was conducted to analyze the influence of these three variables on tax avoidance using the Cash Effective Tax Rate (CETR) as a more representative measurement proxy (Drake et al., 2020).

The food and beverage subsector is a subject of particular interest due to its relatively stable growth and high levels of public consumption, enabling companies to generate substantial and sustainable profits (Wardani & Aristantia, 2025). This high profitability results in companies having substantial tax liabilities, prompting management to employ various tax management strategies to reduce the company's tax burden. In practice, these strategies can be implemented through tax avoidance measures within the limits of tax regulations. This situation makes the food and beverage subsector interesting to study because there is a possible relationship between the level of company profitability and the tendency to engage in tax avoidance. In addition to profitability, companies in the food and beverage subsector generally have a fairly high level of leverage due to the large capital requirements required for production, distribution, and business development.

METHODS

This study uses a quantitative approach with an associative research type that aims to analyze the effect of profitability, leverage, and corporate governance on tax avoidance (Sugiyono, 2021). This study is also explanatory research, namely research that aims to explain the causal relationship between variables through hypothesis testing (Sekaran & Bougie, 2020). The study population includes all companies listed on the Indonesia Stock Exchange (IDX). The sampling technique used purposive sampling, namely sample selection based on certain criteria tailored to the research objectives. These criteria include companies in the Food and Beverage subsector listed on the Indonesia Stock Exchange during the 2021–2024 period, publishing complete and audited annual financial reports, having complete data on all research variables, not experiencing losses, using the rupiah currency, and not being delisted during the research period. Based on these criteria, 29 companies were obtained as research samples with an observation period of four years, resulting in 116 observation units.

This study uses secondary data sourced from the annual financial reports of Food and Beverage subsector companies obtained through the official website of the Indonesia Stock Exchange and the official websites of each company. Variable measurements are carried out using the Cash Effective Tax Rate (CETR) for tax avoidance, Return on Assets (ROA) for profitability, Debt to Equity Ratio (DER) for leverage, and corporate governance indicators as stipulated in the operational definition of the study. Data analysis is carried out after all research data has been collected through several stages, namely descriptive statistical analysis, classical assumption tests consisting of normality tests, multicollinearity, heteroscedasticity, and autocorrelation, multiple linear regression analysis, path analysis, Sobel test, and hypothesis testing. The entire data analysis process is carried out using IBM SPSS software so that the research results can explain the direct relationship and mediation relationship between variables systematically.

FINDINGS AND DISCUSSION

Descriptive Statistics

Table 1. Descriptive Statistics Results

_N	Minimum	Maximum	Mean	Std. Deviation	
Tax Avoidance	108	.0175	1.6324	.340029	.3018497
Profitabilitas	108	.0050	.4161	.099118	.0686075
Leverage	108	.0720	5.6098	.914484	.8031663
Good Corporate Governance	108	.3333	.5000	.384244	.0571305

Based on the results of descriptive statistics, the number of data used in this study was 108 observations. The tax avoidance variable has a minimum value of 0.0175 and a maximum value of 1.6324. The average value of tax avoidance is 0.340029 with a standard deviation of 0.3018497. The profitability variable has a minimum value of 0.0050 and a maximum value of 0.4161. The average value of profitability is 0.099118 with a standard deviation of 0.0686075. The leverage variable has a minimum value of 0.0720 and a maximum value of 5.6098. The average value of leverage is 0.914484 with a standard deviation of 0.8031663. The Good Corporate Governance (GCG) variable has a minimum value of 0.3333 and a maximum value of 0.5000. The average GCG value is 0.384244 with a standard deviation of 0.0571305.

Classical Assumption Test

Normality Test

Table 2. Results of the Normality Test for Both Models

Unstandardized ResidualModel 1		Unstandardized ResidualModel 2		
N		108	108	
Normal Parameters ^{a,b}	Mean	.52425	.5242424	
	Std. Deviation	.06336096	.74160872	
Most Extreme Differences	Absolute	.125	.74160872	
	Positive	.125	.122	
	Negative	-.110	-.091	
Test Statistic		.125	.122	
Asymp. Sig. (2-tailed) ^c		.141	.091	
Monte Carlo Sig. (2-tailed) ^d	Sig.	.257	.181	
	99% Confidence Interval	Lower Bound	.164	.321
		Upper Bound	.061	.021

Based on the results of the One-Sample Kolmogorov-Smirnov normality test for both models, the Asymp. Sig. (2-tailed) value was greater than 0.05. These results indicate that the residual data is normally distributed. Therefore, the regression model in this study meets the assumption of normality and can be used for further analysis.

Multicollinearity Test

Table 3. Results of the Multicollinearity Test for Equation 1

Variabel	Collinierity Statistic		Keterangan
	Tolerance	VIF	
Profitabilitas	.998	1.002	No Multicollinearity
Leverage	.998	1.002	No Multicollinearity

Table 4 Results of Multicollinearity Test for Equation 2

Variabel	Collinierity Statistic		Keterangan
	Tolerance	VIF	

Profitability	.989	1,011	No Multicollinearity
GCG	.992	1,008	No Multicollinearity
Leverage	.995	1,005	No Multicollinearity

The results of testing both models indicate that the complete variable has a tolerance value of >0.10 and a VIF value of <10, so it can be concluded that the variables in this study do not exhibit multicollinearity.

Heteroscedasticity Test

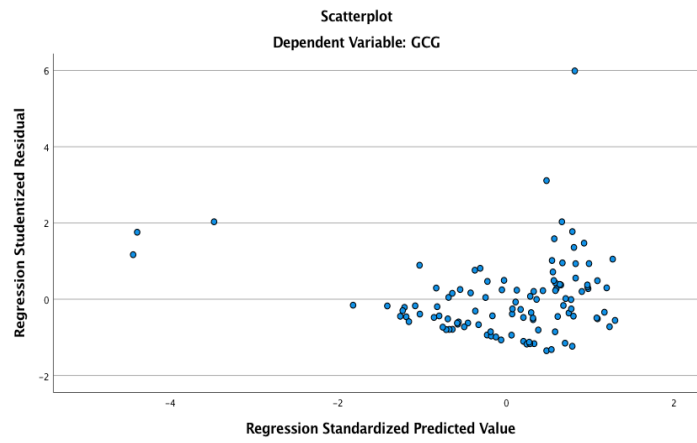


Figure 1. Results of the Heteroscedasticity Test for Equation 1

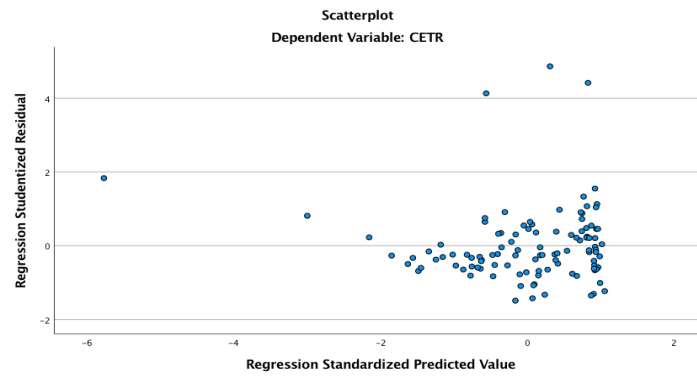


Figure 2. Results of the Heteroscedasticity Test for Equation 2

The scatterplot graph above shows that the points are randomly distributed and well-spaced both above and below 0 on the Y-axis. This indicates that there is no heteroscedasticity in the regression model, making it suitable for use in research.

Autocorrelation Test

Table 5 Autocorrelation Test Results

Model	Durbin-Watson
1	1.985

Based on Table 3 above, the Durbin Watson (DW) test results show that the autocorrelation test for the regression model between Profitability, Leverage, and GCG on Tax Avoidance yielded a DW value of 0.583, meaning the DW value is between -2 and 2. Therefore, it can be concluded that there is no autocorrelation in the regression model.

Hypothesis Test

Table 6 Results of Path Analysis 1

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.416	.148		9.540	.000
	Profitabilitas	-.178	.239	-.067	-.744	.458
	Leverage	-4.445	1.054	-.380	-4.219	.000

Table 7 Results of Path Analysis 2

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.141	.044		3.195	.002
	Profitabilitas	.002	.021	.007	.080	.936
	Leverage	-.633	.109	-.028	-2.307	.006
	GCG	-.033	.008	-.383	-4.208	.000

Based on these results, the following interpretations can be made:

1. The Effect of Profitability on Tax Avoidance

Based on the partial test between the variables of Profitability and Tax Avoidance, the calculated t-value was 0.080, which is smaller than the t-table value of 1.699 ($0.080 < 1.699$). Furthermore, the significance value was 0.936, which is greater than $\alpha = 0.05$ ($0.936 > 0.05$). These results indicate that Profitability does not have a significant effect on Tax Avoidance. Therefore, H1 can be rejected, concluding that Profitability has no effect on Tax Avoidance.

2. The Effect of Leverage on Tax Avoidance

Based on the partial test between the variables of Leverage and Tax Avoidance, the calculated t-value was -2.307. The absolute value of the calculated t-value is greater than the t-table value of 1.699 ($2.307 > 1.699$). The regression coefficient is negative at -0.633, with a significance value of 0.006, lower than $\alpha = 0.05$ ($0.006 < 0.05$). These results indicate that leverage has a negative and significant effect on tax avoidance. Therefore, H2 can be accepted, concluding that higher leverage tends to decrease tax avoidance.

3. The Effect of Good Corporate Governance on Tax Avoidance

Based on the partial test results, the calculated t-value is -4.208. The absolute value of the calculated t-value is greater than the t-table value of 1.699 ($4.208 > 1.699$).

The regression coefficient is negative at -0.033, with a significance value of 0.000, lower than $\alpha = 0.05$ ($0.000 < 0.05$). These results indicate that good corporate governance has a negative and significant effect on tax avoidance. Therefore, H3 can be accepted, concluding that the better the implementation of Good Corporate Governance, the lower the level of Tax Avoidance.

4. The Effect of Profitability on Tax Avoidance through Good Corporate Governance

The beta and standard error for each variable, Profitability (X_1) and Good Corporate Governance (Z), are as follows: $a = -0.178$, $b = -0.033$, $S_a = 0.190$, $S_b = 0.011$. The calculated t-value can also be confirmed using the Sobel Test calculator by inputting the values of a , b , S_a , and S_b . The calculation results yield a calculated t-value of 0.894. This t-value is smaller ($<$) than the t-table of 1.699, concluding that Good Corporate Governance (Z) is unable to mediate the effect of Profitability (X_1) on Tax Avoidance (Y). Therefore, hypothesis H4 is rejected, and the research data does not support the proposed mediation model.

Input:		Test statistic:	Std. Error:	p-value:
a	-0.178	Sobel test: 0.89425285	0.00656861	0.37118662
b	-0.033	Aroian test: 0.85215707	0.0068931	0.39412692
s_a	0.190	Goodman test: 0.94327447	0.00622724	0.34554053
s_b	0.011	Reset all	Calculate	

Figure 3 Sobel Test 1 Results

5. The Effect of Leverage on Tax Avoidance through Good Corporate Governance

The beta and standard error for each variable, Leverage (X_2) and Good Corporate Governance (Z), are as follows: $a = -4.445$, $b = -0.033$, $S_a = 1.054$, $S_b = 0.008$. By entering the values of a , b , S_a , and S_b into the Sobel Test equation, the S_{ab} value is 1.054. Furthermore, to obtain the calculated t value for the indirect effect of the Leverage variable (X_2) mediated by Good Corporate Governance (Z) on Tax Avoidance (Y), the equation $t = ab/S_{ab}$ is used. By entering the values of a , b , and S_{ab} , the calculated t value is 2.948. The calculated t-value of 2.948 is greater than the t-table value of 1.699. Therefore, it can be concluded that Good Corporate Governance (Z) mediates the effect of Leverage (X_2) on Tax Avoidance (Y). Therefore, hypothesis H5 is accepted, and the research data supports the proposed mediation model.

Input:		Test statistic:	Std. Error:	p-value:
a	-4.445	Sobel test: 2.94889581	0.04974235	0.00318911
b	-0.033	Aroian test: 2.90741955	0.05045195	0.00364424
s _a	1.054	Goodman test: 2.99219933	0.04902247	0.00276975
s _b	0.008	Reset all	Calculate	

Figure 4. Results of the Sobel Test 2

Coefficient of Determination (R²) Test

Table 8 Results of the Indirect Path Coefficient of Determination Analysis

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.588 ^a	.551	.535	.7471829

Based on the results of the coefficient of determination test in Table 6, an R Square value of 0.551 was obtained. This value shows that the ability of the Profitability and Leverage variables to explain variations in Good Corporate Governance is 55.1%. In other words, changes in Good Corporate Governance can be explained by the two independent variables by 55.1%. Meanwhile, the remaining 44.9% (100% - 55.1%) is explained by other variables not included in this research model.

Table 9 Results of Direct Path Determination Coefficient Analysis

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.684 ^a	.647	.622	.0642683

The R-squared value obtained was 0.647. This value indicates that the variables Profitability, Leverage, and Good Corporate Governance explain 64.7% of the variation in Tax Avoidance. In other words, 64.7% of the change in Tax Avoidance can be explained by these three independent variables. Meanwhile, the remaining 35.3% (100% - 64.7%) is explained by other variables not included in this research model.

Discussion

The Effect of Profitability on Tax Avoidance in Food and Beverage Subsector Companies on the Indonesia Stock Exchange

Profitability has no effect on tax avoidance. The results of this study indicate that a company's level of profitability is not always a factor driving it to engage in tax avoidance practices. Companies earning high profits do not necessarily seek to reduce their tax burden through various tax avoidance strategies. This suggests that

high corporate profits do not always translate into management's desire for aggressive tax efficiency. Conversely, companies can choose to fulfill their tax obligations in accordance with applicable regulations to maintain their reputation, increase investor confidence, and avoid the risk of tax sanctions. For companies in the Food and Beverage subsector, this situation may be influenced by the characteristics of the industry, which has relatively stable operational activities and receives high attention from investors and the government. Companies in this sector generally have adequate internal control systems and strive to maintain their corporate image through compliance with tax regulations.

The results of this study are inconsistent with those of Putri and Rohman (2021), who stated that profitability influences tax avoidance, stating that companies with high profit levels tend to engage in tax avoidance. This study also differs from the results of Felix and Iskak (2021), who found that profitability influences tax avoidance. Furthermore, research by Setyarini et al. (2023) shows that profitability influences tax avoidance, as does research by Ninggrayani et al. (2025), which concludes that profitability is a factor influencing tax avoidance practices in manufacturing companies listed on the Indonesia Stock Exchange. The research results of Thirza and Lukman (2026) also show that profitability has a positive effect on tax avoidance.

The Effect of Leverage on Tax Avoidance in Food and Beverage Subsector Companies on the Indonesia Stock Exchange

Leverage has a negative and significant effect on tax avoidance in Food and Beverage Subsector Companies listed on the Indonesia Stock Exchange. The results of this study indicate that increasing leverage in companies is accompanied by a decrease in tax avoidance rates. This means that the greater the proportion of a company's funding sourced from debt, the less likely the company is to engage in aggressive tax avoidance. This finding indicates that leverage in the context of Food and Beverage Subsector Companies functions more as a legitimate tax reduction mechanism (tax shield), rather than as a primary driver of tax avoidance practices. In Food and Beverage Subsector Companies, the business structure generally requires substantial capital to support intensive operational activities, such as large purchases of raw materials, high production costs, packaging, distribution, and marketing costs to maintain product competitiveness in the market. This situation forces many companies in this subsector to use external financing in the form of debt to maintain liquidity and operational sustainability. Consequently, the level of leverage in these companies tends to be quite significant.

The results of this study support the research conducted by Pratama & Wulandari (2023), which stated that leverage influences tax avoidance because debt interest expenses can reduce taxable profit. Setyarini et al. (2023) also found that leverage does. Furthermore, the research of Ninggrayani et al. (2025) further corroborates this finding, stating that leverage influences tax avoidance in manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2022 period. This study's results do not fully align with the research of Dewi & Oktaviani (2022), which stated that leverage has no significant effect on tax aggressiveness.

The Effect of Good Corporate Governance on Tax Avoidance in Food and Beverage Subsector Companies on the Indonesia Stock Exchange

Good Corporate Governance (GCG) has a negative and significant effect on tax avoidance in Food and Beverage Subsector Companies listed on the Indonesia Stock Exchange. The results of this study indicate that the better the implementation of Good Corporate Governance within a company, the lower the level of tax avoidance practices. This indicates that good corporate governance mechanisms can limit management's aggressive tax avoidance. Good corporate governance acts as a control and oversight system that ensures that every company decision, including tax decisions, is made transparently, accountably, and in accordance with applicable regulations.

When related to practices in the Food and Beverage subsector, many companies in this sector have complex organizational structures and large operational scales. This makes the implementation of GCG crucial to ensure that all company activities are conducted in accordance with good governance principles. With effective oversight, management tends to be more cautious in taking actions that could pose legal and reputational risks, including aggressive tax avoidance practices. The results of this study also support research conducted by Huseynov & Klamm (2020), which stated that corporate governance is influential in reducing tax avoidance practices. Furthermore, research by Kovermann & Velte (2021) also found that corporate governance. Research by Setyarini et al. (2023) also showed similar results, namely that good corporate governance influences tax avoidance.

The Role of Good Corporate Governance in Mediating the Effect of Profitability on Tax Avoidance in Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange

Good Corporate Governance (GCG) was unable to mediate the effect of Profitability on Tax Avoidance in Food and Beverage Subsector Companies Listed on

the Indonesia Stock Exchange. The results of this study indicate that increasing Profitability is unable to drive changes in Tax Avoidance through Good Corporate Governance. This condition indicates that company profitability does not directly influence the effectiveness of corporate governance mechanisms in guiding tax policy. In Food and Beverage Subsector Companies, increased profits are allocated primarily to support operational activities such as raw material purchases, production costs, distribution, and marketing activities to maintain product competitiveness in the market (Kasmir, 2019). Therefore, increased profitability is not always accompanied by changes in corporate governance mechanisms that impact tax avoidance strategies.

These research results align with the findings of Dewi & Oktaviani (2022), which show that profitability can indeed influence tax aggressiveness, but this is not always consistent when associated with other mechanisms within the company. Furthermore, research by Felix & Iskak (2021) also shows that although profitability and leverage influence tax avoidance, corporate governance acts more as a controlling mechanism, rather than as a bridging variable in the relationship between financial variables and corporate tax behavior. Similar results were found by Ninggrayani et al. (2025), who stated that financial factors such as profitability and leverage do influence tax avoidance, but corporate governance mechanisms do not always act as a bridge that strengthens this relationship. Meanwhile, research by Huseynov & Klamm (2020) and Kovermann & Velte (2021) confirms that good corporate governance can reduce tax avoidance practices by improving management oversight.

The Role of Good Corporate Governance in Mediating the Effect of Leverage on Tax Avoidance in Food and Beverage Subsector Companies on the Indonesia Stock Exchange

Good Corporate Governance (GCG) can mediate the effect of leverage on tax avoidance in Food and Beverage Subsector Companies listed on the Indonesia Stock Exchange. The results of this study indicate that leverage not only directly influences tax avoidance but can also influence tax avoidance through Good Corporate Governance mechanisms. This indicates that a company's debt-dominated funding structure can impact the quality of corporate governance, which in turn impacts tax avoidance practices. In this context, GCG acts as a connecting mechanism that strengthens the relationship between leverage and tax avoidance.

In companies in the Food and Beverage subsector, the use of debt is a key strategy to support substantial working capital needs, such as raw material

purchases, production costs, distribution, and market expansion. As leverage increases, companies not only face higher interest expenses but also increased scrutiny from external parties, particularly creditors. This situation encourages companies to strengthen their internal governance systems to maintain financial stability and meet long-term obligations. This increase in leverage can indirectly impact the implementation of Good Corporate Governance within the company. Creditors, as external parties, have an interest in the security of their loaned funds, thus demanding greater transparency, accountability, and risk management from management. Consequently, companies with high levels of leverage tend to strengthen corporate governance mechanisms to maintain creditor trust and ensure business sustainability. This research aligns with the findings of Felix & Iskak (2021), who stated that leverage influences tax avoidance, and corporate governance plays a role in controlling tax avoidance practices. Furthermore, research by Setyarini et al. (2023) also found that leverage and good corporate governance both influence tax avoidance. Research by Ninggrayani et al. (2025) further supports these findings by showing that leverage influences tax avoidance in manufacturing companies listed on the IDX.

CONCLUSION

The results of the study indicate that profitability does not significantly influence tax avoidance in Food and Beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2021–2024 period. Conversely, leverage and Good Corporate Governance are proven to have a negative and significant effect on tax avoidance. The results of the mediation test using the Sobel Test indicate that Good Corporate Governance is unable to mediate the effect of profitability on tax avoidance, but is able to mediate the effect of leverage on tax avoidance. These findings indicate that tax avoidance practices in Food and Beverage sub-sector companies are more influenced by the company's funding structure and the effectiveness of corporate governance implementation than by the company's level of profitability.

Based on the results of this study, companies are advised to continue strengthening the implementation of Good Corporate Governance by improving the supervisory function, transparency, and accountability in tax management so that the implemented tax policies remain in accordance with applicable regulations. For future researchers, it is recommended to add other variables that have the potential to influence tax avoidance, such as capital intensity, company size, audit quality, and executive characteristics, as well as expanding the research period and the scope

of company sectors to obtain more comprehensive results and have a better level of generalization.

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