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The Effect of Capital Intensity, Sales Growth, and Institutional Ownership on Tax Avoidance in Property and Real Estate Companies

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ABSTRACT

This study aims to examine the effects of capital intensity, sales growth, and institutional ownership on tax avoidance among property and real estate companies listed on the Indonesia Stock Exchange (IDX) during 2022–2025. A quantitative approach with a causal research design was employed using secondary data obtained from corporate annual reports. The sample consisted of 35 companies selected through purposive sampling, resulting in 140 firm-year observations. Panel data regression analysis was conducted using EViews with a Fixed Effect Model (FEM), while robustness testing incorporated firm size, leverage, and profitability as control variables. The findings reveal that capital intensity has a positive and significant effect on tax avoidance, indicating that greater fixed-asset investment provides opportunities to reduce taxable income through depreciation expenses. Conversely, sales growth has no significant effect, suggesting that operational expansion does not necessarily influence corporate tax strategies. Institutional ownership has a negative and significant effect, demonstrating the importance of institutional monitoring in limiting tax avoidance practices. These findings contribute to agency theory by highlighting the roles of managerial investment decisions and institutional oversight in corporate tax behavior. Practically, companies should prioritize compliant tax planning, while institutional investors should strengthen monitoring to promote transparency, accountability, and long-term corporate sustainability.

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INTRODUCTION

Taxation constitutes a compulsory contribution imposed on individuals and entities under statutory regulations and represents a source of government revenue for financing national development and improving public welfare (Sriartini & Supadmi, 2025). Its effectiveness therefore matters not only to fiscal authorities but also to society, because adequate tax revenue supports public services, infrastructure, and economic development. Nevertheless, achieving optimal revenue requires an effective tax system and responsible corporate compliance. Evidence indicates that Indonesia's tax collection has remained

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below its annual targets, while its tax-to-GDP ratio remains comparatively low (OECD, 2026). These conditions underline the importance of examining corporate tax behavior, particularly tax avoidance, in Indonesia today.

A challenge for tax authorities is the tension between companies' efforts to minimize tax expenses and the government's responsibility to secure public revenue. Tax avoidance refers to structured arrangements through which taxpayers exploit gaps or provisions in tax regulations to reduce liabilities Although it does not constitute an unlawful act when conducted within legal boundaries, it may weaken revenue collection and raise concerns about responsibility (Astuti & Nafis, 2024; Rakhmawati & Aisyaturrahmi, 2025). Tax avoidance consequently reflects competing interests between the state and corporations. Tax Justice Network (2024) estimates that Indonesia loses USD 2.98 billion annually because of tax-related avoidance and evasion.

The property and real estate sector presents a relevant context for investigating this issue. Ministry of Finance data in the 2025 APBN Kita document show that the sector's tax contribution remained low and stagnant, at approximately 4.1%–4.9% during 2022–2025. In contrast, its gross domestic product contribution increased from 2.01% in 2022 to 5.20% in 2025 (Ministry of Finance, 2025). Although some income is subject to final income tax, other income remains subject to corporate income tax, making liabilities dependent on reported taxable income. Previous studies have identified tax avoidance among listed property and real estate companies (Astuti & Nafis, 2024; Marwan, 2026).

Agency theory provides a useful framework for explaining managerial tax decisions. Jensen and Meckling (1976) describe the relationship between shareholders as principals and managers as agents, whose conflicting interests may generate agency problems. This study addresses the Type I principal–agent conflict, in which managers' decisions may conflict with shareholders' interests (Han et al., 2023; Monariska et al., 2025). In taxation, managers may adopt tax-minimization strategies to increase after-tax profits, satisfy performance expectations or personal interests. Capital intensity, sales growth, and institutional ownership may influence tax decisions through depreciation, growth pressures, and investor return objectives (Gaur & Wulandari, 2025; Ratnasari & Nuswantara, 2020).

Capital intensity: positive (Sari & Indrawan, 2022; Gaur & Wulandari, 2025), negative (Sriartini & Supadmi, 2025), or no effect. Sales growth: positive (Juwono & Nuswandari, 2024; Josephine et al., 2026), negative or no effect. Institutional ownership findings are mixed. Studies identify a positive relationship with tax avoidance (Melati & Prasidya, 2025; Kurniawati & Rokhimah, 2024), whereas others report a negative relationship (Sulistiyani & Rizkyana, 2025) or no significant relationship (Sari & Indrawan, 2022). These findings may reflect sectoral characteristics and research contexts. Property and real estate firms are underexamined because their tax structures differ. Sector-

specific testing can clarify these relationships and strengthen evidence for Indonesian tax policy to explain corporate tax behavior in Indonesia.

This study examines whether capital intensity, sales growth, and institutional ownership influence tax avoidance among property and real estate companies listed on the Indonesia Stock Exchange during 2022–2025. It simultaneously examines these variables within a sector whose distinctive tax features and limited representation in prior studies warrant investigation. Firm size, leverage, and profitability control variables to account for other firm-level characteristics associated with tax avoidance. It asks: do capital intensity, sales growth, and institutional ownership affect tax avoidance after controlling for firm size, leverage, and profitability? Findings are expected to inform corporate tax policies, investor assessment, and government supervision, while extending sector-specific evidence on corporate tax behavior in emerging economies.

RESEARCH METHODS

This study uses a quantitative approach with a type of causal research (Sugiyono, 2023, p. 66). In this study, the quantitative approach was chosen because it is in accordance with the research objectives, namely analyzing the influence of capital intensity, sales growth, and institutional ownership on tax avoidance with firm size, leverage (Debt to Asset Ratio/DAR), and profitability (Return on Assets/ROA) as control variables in property and real estate sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2025 period. The type of data used is in the form of secondary data, namely data obtained through documents or archives that have been available (Soesana et al., 2023, p. 38). In this study, secondary data was obtained from the annual reports of property and real estate companies listed on the Indonesia Stock Exchange (IDX) for the period 2022–2025. The data was used to obtain information related to the variables of capital intensity, sales growth, institutional ownership, firm size, leverage, profitability, and tax avoidance. The data of this study is in the form of data panels, which is a combination of cross section data and time series data. All data was obtained through the official website of the Indonesia Stock Exchange (IDX) and the official website of the company that was the research sample.

The sampling technique used in this study is purposive sampling, which is a sample determination technique based on criteria that have been determined in accordance with the research objectives (Sugiyono, 2023, p. 133). The use of this technique aims to ensure that the selected company has data that is in accordance with the needs of the research so that the results of the analysis can be carried out more accurately. The purposive sampling criteria determined are: (1) the company is listed consecutively on the Indonesia Stock Exchange; (2) the company publishes annual reports consistently during the 2022-2025 period; (3) the company earns positive profit after tax during the 2022-2025 period; (4) the company has complete data related to all research variables. Based on the criteria that have been determined, 35 companies out of 93 companies in the property and real estate sector listed on the Indonesia Stock Exchange were selected to be

research samples, with a 4-year research period resulting in 140 research observations.

The data collection technique used is documentation, which in this study was obtained through the annual reports of property and real estate companies listed on the Indonesia Stock Exchange (IDX) for the period 2022–2025. The data is then used to obtain information about the research variables. This study uses three types of variables, namely dependent variables, independent variables, and control variables. The dependent variables in this study are tax avoidance which is measured using the Effective Tax Rate (ETR). The independent variables consist of capital intensity using total fixed assets to total assets, sales growth based on the company's sales growth rate in the current year compared to the previous year, and institutional ownership based on the proportion of the number of institutional shares to the number of shares outstanding. The control variable consists of firm size measured through natural logarithm to total assets, leverage measured using Debt to Asset Ratio (DAR), and profitability using Return on Assets (ROA). Explanations related to the operational definition of variables and measurement indicators are found in Table 1.

Table 1. Operational Definitions and Measurable Formula of Variable

Variable	Operational Definitions	Measurable Formula
***Tax Avoidance* (Y)** Sari & Indrawan (2022)	*Tax avoidance* is a company's effort to minimize the tax burden legally through the use of applicable tax provisions. In this study, *tax avoidance* is proxied using *the Effective Tax Rate (ETR).*	$\frac{Income\ Tax\ Expense}{Earning\ Before\ Tax}$
***Capital Intensity* (X1)** Sari & Indrawan (2022)	*Capital intensity* is the amount of a company's investment in fixed assets which reflects how much of the company's capital is embedded in the form of fixed assets.	$\frac{Fixed\ Assets}{Total\ Assets}$
***Sales Growth* (X2)** Wrath & Son (2020)	*Sales growth* is the level of sales growth of a company from one period to the next.	$\frac{(Current\ period\ sales - Pr}{Previous\ perio}$
***Institutional Ownership* (X3)** Sriartini & Supadmi (2025)	*Institutional ownership* is the percentage of share ownership by an institution or institution against all outstanding shares.	$\frac{Shares\ Held\ by\ Institutions}{Total\ Shares\ Outstanding}$
***Firm Size* (C1)** Rain & Thunder (2024)	*Firm size* indicates the size of the company as measured by the company's total assets.	$Ln(Total\ Assets)$

***Leverage* (DAR) (C2)** Josephine et al. (2026)	*Leverage* indicates the level of use of debt or liabilities in financing assets owned by a company.	$\frac{Total\ Liabilities}{Total\ Assets}$
***Profitability* (ROA) (C3)** Sugiharto et al. (2025)	*Profitability* is a company's ability to generate profits from all assets it owns.	$\frac{Net\ Income}{Total\ Assets}$

The data analysis technique in this study uses panel data regression analysis, which is an analysis method that combines cross section data and time series data (Kusumaningtyas et al., 2022, p. 101). Data processing in this study was carried out using the EViews application so that a regression coefficient value was obtained that showed the direction of the relationship, the magnitude of the influence of each variable, and the level of significance. The panel data regression analysis model was divided into two, namely the main model and the robustness check. The main model is formulated as, while the robustness check is formulated as. $TA_{it} = \alpha + \beta_1 CI_{it} + \beta_2 SG_{it} + \beta_3 IO_{it} + \varepsilon_{it} TA_{it} = \alpha + \beta_1 CI_{it} + \beta_2 SG_{it} + \beta_3 IO_{it} + \beta_4 SIZE_{it} + \beta_5 DAR_{it} + \beta_6 ROA_{it} + \varepsilon_{it}$.

RESULTS AND DISCUSSION

Results

Descriptive Statistical Analysis

Descriptive statistical analysis is a method used to describe the characteristics of research data based on data that has been obtained without the intention of making generally applicable conclusions (Sugiyono, 2023). This analysis aims to present information about the condition of each research variable based on minimum, maximum, mean, and standard deviation. In this study, descriptive statistical analysis is used to describe the variables of tax avoidance, capital intensity, sales growth, institutional ownership, firm size, leverage, and profitability so that an overview of the characteristics of the data is obtained before testing using panel data regression analysis. The following is a description of each research variable.

Table 2. Descriptive Statistical Measures of Research Variables

Variabel	Mean	Median	Standar Deviasi	Min	Maks
Tax Avoidance	0,206	0,155	0,165	-0,122	0,830
Capital Intensity	0,067	0,039	0,091	0,000	0,613
Sales Growth	0,222	0,084	1,151	-0,748	12,850
Institutional Ownership	0,734	0,807	0,245	0,002	0,999
Firm Size	28,964	29,133	1,671	24,389	32,004
Leverage	0,317	0,299	0,181	0,002	1,145
Profitability	0,047	0,037	0,043	0,000	0,285

Source: Data processed by researchers through Eviews (2026)

Based on Table 2, the descriptive statistics indicate that ETR has a mean of 0.206, relatively close to Indonesia's statutory tax rate of 0.22 (22%). This suggests that the companies exhibit a relatively moderate level of tax avoidance. ETR ranges from -0.122 to 0.830, with a standard deviation of 0.165, indicating relatively homogeneous observations. Capital intensity has a mean of 0.067, suggesting that companies are relatively asset-light. Its standard deviation of 0.091 exceeds the mean, indicating heterogeneous observations. Sales growth averages 0.222, reflecting positive annual growth, although substantial variation exists, ranging from -0.748 to 12.850, with a standard deviation of 1.151. Meanwhile, institutional ownership averages 0.734, indicating substantial institutional shareholding. Its standard deviation of 0.245 is below the mean, suggesting relatively homogeneous observations, despite a wide range between 0.002 and 0.999.

In addition, there are three additional characteristics for the sample, namely firm size, leverage, and profitability. These three act as control variables in the model that is a robustness check instrument. The firm size has an average of 28,964, indicating that research sector companies have an average total assets of around 3.8 trillion rupiah. Based on a relatively small range and a much smaller standard deviation than the average, it can be said that the firm size data is homogeneous. Leverage (which is assessed by DAR) and profitability (assessed by ROA) basically also have data that is classified as homogeneous with a standard deviation that is smaller than the average but with a difference that is not too large. The DAR and ROA data show quite significant variation (which nevertheless remains classified as homogeneous) which indicates the possibility of overlapping with the characteristics of companies in other sectors.

Panel Data Regression Model Selection

Panel data regression equations can be estimated as a common effect model (CEM), fixed effect model (FEM), or random effect model (REM). The three models have different assumptions so that a model selection process is needed to determine the estimation model that best suits the characteristics of the research data (Kusumaningtyas et al., 2022, p. 20). The following are the test results used in the model selection procedure.

Table 3. Panel Data Regression Model Selection Test

Data Test	Test Statistic	Probability	Selected Model
Chow Test	3,367675	0,0000	FEM
Hausman Test	25,570784	0,0000	0,091

Source: Data processed by researchers through Eviews (2026)

Based on table 3, it is known that the Chow test produces a Cross-section value of F of 3.367675 with a probability of 0.0000. With a probability value of < 0.05, it is decided that the chosen model is FEM and the test is continued with the Hausman test. In the Hausman test, the Chi-Sq value is 25.570784 with a probability of 0.0000. With a probability value of < 0.05, it is decided that the

chosen model is FEM. Thus, the regression equation of the panel data in this study will be estimated as a Fixed Effect Model.

Classic Assumption Test

The classical assumption test is carried out to determine whether the estimation results are parameters of an unbiased linear model (Best Linear Unbiased Estimator). The following is a description of the results of the classical assumption tests.

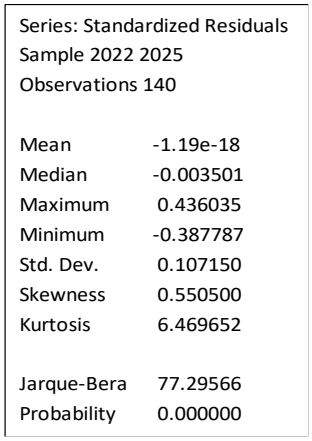


Figure 1. Normality Test Results

Source: Data processed by researchers through Eviews (2026)

Based on figure 2, it is known that the residual normality test produces a Jarque-Bera statistical value of 77.29566 with a probability of 0.000000. With a probability value of < 0.05, it can be said that the residual data is not normally distributed.

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.001891	10.64670	NA
CI	0.021412	1.537454	1.000580
SG	0.000135	1.039554	1.002035
IO	0.002974	10.02001	1.001488

Figure 2. Multicollinearity Test Results

Source: Data processed by researchers through Eviews (2026)

Based on figure 3, it is known that all independent variables have centered VIF values of 1.000580 (CI), 1.002035 (SG), and 1.001488 (IO), respectively. Since all the centered values of VIF are < 10, it can be said that there is no multicollinearity in the model.

Dependent Variable: ABS_RESID
Method: Panel Least Squares
Date: 11/06/26 Time: 18:26
Sample: 2022 2025
Periods included: 4
Cross-sections included: 35
Total panel (balanced) observations: 140

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.074781	0.022759	3.285725	0.0013
CI	0.078864	0.076581	1.029817	0.3049
SG	-0.002660	0.006088	-0.436910	0.6629
IO	-0.014745	0.028539	-0.516661	0.6062

Figure 3. Heteroscedasity Test Results

Source: Data processed by researchers through Eviews (2026)

Based on figure 4, it is known that the statistical test of the regression coefficients of the three independent variables yielded probabilities of 0.3049 (CI), 0.6629 (SG), and 0.6062 (IO), respectively. Since all these probability values > 0.05, it can be said that there is no heteroscedasticity in the model.

Cross-section fixed (dummy variables)

R-squared	0.576813	Mean dependent var	0.206476
Adjusted R-squared	0.423304	S.D. dependent var	0.164713
S.E. of regression	0.125084	Akaike info criterion	-1.093480
Sum squared resid	1.595884	Schwarz criterion	-0.295035
Log likelihood	114.5436	Hannan-Quinn criter.	-0.769016
F-statistic	3.757517	Durbin-Watson stat	2.520725
Prob(F-statistic)	0.000000		

Figure 4. Autocorrelation Test Results

Source: Data processed by researchers through Eviews (2026)

Based on figure 5, it is known that the panel data regression model has a Durbin-Watson statistical value of 2.520725. The model consists of 4 parameters and is estimated with a sample of 140 so that the DU value used is 1.76782 (so the value of 4 – DU is 2.23218). Since the Durbin-Watson statistical value is not between DU and 4 – DU (but above 4 – DU, 2.520725 > 2.23218), it can be said that there is an autocorrelation in the model.

Model Regresi Data Panel

The results of the classical assumption test show that the model has problems of normality and autocorrelation deviations. Therefore, the Fixed Effect Model estimation is carried out with robust standard error. The error calculation method chosen is Cross-section SUR (Seemingly Unrelated Regression), which is a standard error model regression of corrected panel data (PCSE = Panel Corrected Standard Error) to be robust against heteroscedasticity and autocorrelation. PCSE is calculated using a technique that includes the characteristics of the bootstrapping procedure (a sample doubling technique for data that is not normally distributed) so that the standard error obtained is also robust (not affected) by the existence of normal deviations. The results of the

panel regression model estimation as a fixed effect model with robust standard error can be seen in figure 6.

Dependent Variable: ETR
Method: Panel Least Squares
Date: 11/06/26 Time: 17:42
Sample: 2022 2025
Periods included: 4
Cross-sections included: 35
Total panel (balanced) observations: 140
Cross-section SUR (PCSE) standard errors & covariance (d.f. corrected)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.253598	0.147860	-1.715120	0.0894
CI	-0.158179	0.057537	-2.749158	0.0071
SG	0.029184	0.021912	1.331862	0.1859
IO	0.632385	0.203304	3.110534	0.0024

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.576813	Mean dependent var	0.206476
Adjusted R-squared	0.423304	S.D. dependent var	0.164713
S.E. of regression	0.125084	Akaike info criterion	-1.093480
Sum squared resid	1.595884	Schwarz criterion	-0.295035
Log likelihood	114.5436	Hannan-Quinn criter.	-0.769016
F-statistic	3.757517	Durbin-Watson stat	2.520725
Prob(F-statistic)	0.000000		

Figure 5. Estimation Results of Panel Data Regression Model

Source: Data processed by researchers through Eviews (2026)

Based on figure 6, the linear regression equation that states the relationship between variables in this study can be written as follows: ETR = −0.253598 − 0.158179 CI + 0.029184 SG + 0.632385 IO. The value of the regression coefficient is a mathematical representation of the nature of the influence of independent variables on the dependent variable. The CI variable has a negative regression coefficient, meaning that CI contributes negatively to ETR. The higher the capital intensity, the lower the ETR (the higher the tax avoidance). In other words, capital intensity has a positive influence on tax avoidance. The SG and IO have a positive regression coefficient, meaning that SG and IO each contribute positively to ETR. The higher the sales growth or the higher the institutional ownership, the higher the ETR (the lower the tax avoidance). In other words, sales growth and institutional ownership each have a negative influence on tax avoidance. The regression model has an adjusted R^2 value of 0.423304, meaning that the model can explain 42.3304% of ETR variations.

Hypothesis Test (t-Test)

The t-test of the regression coefficient is used to find out whether the coefficient is a significant parameter in the model as a predictor of dependent variables. In other words, it is a test of the partial influence of each independent variable on the dependent variable.

Table 4. Hypothesis Test Results

No.	Hypothesis	Result
	Panel Regression Results	
H1	Capital Intensity has a positive effect on Tax Avoidance	Accepted
H2	Sales Growth has a positive effect on Tax Avoidance	Rejected
H3	Institutional Ownership has a positive effect on Tax Avoidance	Rejected

Source: Data processed by researchers through Eviews (2026)

Hypothesis 1 (H1) predicts that capital intensity positively affects tax avoidance. The regression results show a negative coefficient, with a t-statistic of -2.749158 and a probability value of 0.0071. Since the probability is below 0.05, capital intensity significantly predicts ETR. Therefore, capital intensity has a positive effect on tax avoidance, and H1 is accepted. Hypothesis 2 (H2) predicts that sales growth positively affects tax avoidance. However, the regression results indicate a negative relationship, with a t-statistic of 1.331862 and a probability value of 0.1859. Since the probability exceeds 0.05, sales growth does not significantly predict ETR. Thus, sales growth has no significant effect on tax avoidance, and H2 is rejected. Hypothesis 3 (H3) predicts that institutional ownership positively affects tax avoidance. The results reveal a positive coefficient for ETR, with a t-statistic of 3.110534 and a probability value of 0.0024. Therefore, institutional ownership negatively affects tax avoidance, and H3 is rejected.

Robustness Check

Robustness check is carried out to find out whether the conclusions drawn from the analysis of the main model can be applied appropriately in various variations of company characteristics. Robustness check is carried out by comparing the results of the estimation and statistical test of the main model with the results of the estimation and statistical test of the comparative model (the main model coupled with three control variables, namely company size, leverage, and profitability). The results of the robustness check are listed in table 5.

Table 5. Robustness Check Test Results

ETR	Model Utama			Model Pembanding		
	Coeff.	t	Prob.	Coeff.	t	Prob.
CI	-0,1582	-2,7492	0,0071	-0,1266	-2,4489	0,0161
SG	0,0292	1,3319	0,1859	0,0350	1,4719	0,1442
IO	0,6324	3,1105	0,0024	0,5980	4,7003	0,0000
Size				0,1976	1,8210	0,0716
DAR				-0,0410	-0,2609	0,7947
ROA				-1,9477	-4,5910	0,0000

Source: Data processed by researchers through Eviews (2026)

Based on table 5, it is known that in both the main model and the comparative model, CI both has a negative regression coefficient while SG and IO both have a positive regression coefficient. The statistical test also showed

significant results (Prob. < 0.05) for CI and IO, and insignificant results (Prob. > 0.05) for SG. Overall, the main model and the comparative model provide the same conclusions for all three research hypotheses. Thus, the conclusions drawn can be declared to have good generalization capabilities, meaning that the conclusions can be applied appropriately to various variations in company characteristics with the scope as expressed by variations in firm size, leverage, and profitability.

DISCUSSION

The findings demonstrate that capital intensity has a positive and significant effect on tax avoidance among property and real estate companies listed on the Indonesia Stock Exchange during 2022–2025. This result supports H1 and is consistent with previous studies by Prawati and Hutagalung (2020), Sari and Indrawan (2022), and Gaur and Wulandari (2025). The positive relationship indicates that companies with higher fixed-asset investments tend to have greater depreciation expenses, which reduce taxable income and subsequently lower tax liabilities. Companies may strategically utilize depreciation allowances through fixed-asset investment decisions. This finding reinforces the relevance of agency theory in explaining managerial tax-minimization strategies.

The positive relationship between capital intensity and tax avoidance also suggests that asset investment decisions have implications beyond operational capacity, particularly for corporate tax management. Higher fixed-asset proportions provide opportunities to utilize depreciation expenses as a mechanism for reducing taxable income (Sari & Indrawan, 2022). Theoretically, this finding extends the application of agency theory by demonstrating how managerial discretion over investment decisions can influence tax outcomes and potentially create divergent interests between shareholders and management. Practically, companies should ensure that depreciation-based tax planning complies with applicable regulations and reflects genuine investment needs. Tax authorities should strengthen monitoring of fixed-asset reporting and depreciation practices, particularly within capital-intensive property businesses.

In contrast, sales growth has no significant effect on tax avoidance; therefore, H2 is rejected. This finding differs from previous studies reporting a positive relationship (Juwono & Nuswandari, 2024; Josephine et al., 2026). However, it supports research identifying no significant relationship. One possible explanation is that sales growth primarily reflects operational performance, whereas tax avoidance involves strategic decisions made by senior management.

Furthermore, increasing sales do not necessarily encourage companies to engage in tax avoidance because stronger business performance may attract greater attention from investors and tax authorities. Consequently, potential regulatory scrutiny and reputational risks may outweigh the financial benefits of aggressive tax-minimization strategies (Pahala et al., 2025; Sulistiyani & Rizkyana, 2025). Theoretically, this finding indicates that sales growth alone is

insufficient to explain managerial tax behavior, highlighting the importance of considering organizational decision-making structures within agency theory. Practically, investors and management should not interpret increasing sales as an indication of higher tax avoidance. This study contributes by demonstrating that operational expansion and corporate tax strategies do not necessarily develop proportionally.

Institutional ownership has a negative and significant effect on tax avoidance, indicating that H3 is rejected. This finding contradicts studies reporting positive effects (Kurniawati & Rokhimah, 2024), but supports research identifying negative relationships. Higher institutional ownership may strengthen managerial monitoring and encourage regulatory compliance, corporate reputation, and long-term sustainability (Dakhli, 2022; Melati & Prasidya, 2025). Foreign institutional investors may also discourage tax avoidance, particularly when originating from countries with stronger legal enforcement (Hasan et al., 2022; Benkraiem et al., 2024). Active institutional monitoring further constrains opportunistic managerial behavior.

CONCLUSION

This study examines the effects of capital intensity, sales growth, and institutional ownership on tax avoidance among property and real estate companies listed on the Indonesia Stock Exchange during 2022–2025. The findings reveal that capital intensity positively affects tax avoidance, sales growth has no significant effect, and institutional ownership negatively affects tax avoidance. These results indicate that corporate tax behavior is influenced not merely by business growth but also by asset investment decisions and institutional monitoring mechanisms. Theoretically, this study contributes to the development of agency theory by demonstrating how managerial discretion in fixed-asset investment and institutional shareholder oversight shape corporate tax strategies. Practically, companies should implement prudent tax planning while maintaining regulatory compliance, whereas investors should consider asset composition and institutional ownership when evaluating corporate tax risks. Institutional investors are particularly encouraged to strengthen active monitoring to discourage opportunistic tax practices. Nevertheless, this study is limited to property and real estate companies and the 2022–2025 observation period, potentially restricting the generalizability of its findings. Future research should incorporate additional determinants of tax avoidance and examine different industrial sectors or cross-sector comparisons to identify whether these relationships vary according to industry characteristics.

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