

ABSTRACT

The aim of this research is to observe the effect of current tax and non debt tax shield on capital structure in Indonesia Stock Exchange. The research sample utilize the purposive sampling method, that is sampling which using particular consideration. There are nine sample firms in this research.

The methodology of this research is descriptive and associative analysis. For the statistical analysis this research is using regression analysis, correlation, hypothesis testing, and determination coefficient using t-test, F-test, and the data processing using software SPSS 16.0 for Windows.

The research shows that partially the current tax has no effect and non debt tax shield has significant effect on capital structure. Simultaneously, the recent tax burden and non debt tax shield has no significant effect on capital structure, which means that its effects only 8.2% and the remaining 92.8% is affected by other factor.

Keywords: capital structure, non debt tax shield, and current tax.