**ABSTRACT**

*This study aims to determine the factors that affect the application of thin capitalization in companies in Indonesia. Thin cappitalization is the practice of tax avoidance by financing a subsidiary with a debt greater than with equity. The independent variable used in this research is tax haven utilization and firm size, while the dependent variable is thin capitalization. Population of this research is company that listed in Indonesian Stock Exchange in 2013-2016 as many as 543 companies. Sampling was done by purposive sampling technique and obtained sample of 242 companies. The analytical method used for the test is using logistic regression analysis using SPSS 23 application. The result of the research shows that (1) Utilization of Tax Haven has no significant positive effect to Thin Capitalization. (2) Firm Size has a significant positive effect to Thin Capitalization.*

Keyword: *tax haven, firm size, thin capitalization*