This research aims to analyze the effect of corporate governance on capital structure in companies listed on the Indonesia Stock Exchange. The independent variables to be analyzed in this research namely return on asset, return on equity, earnings per share, net profit margin, return on capital employed, dividend payout ratio, price earning ratio, market to book value ratio, debt to equity ratio, and tobin’s q.

This research used a sample of 121 firms listed in Indonesia Stock Exchange for the period of 2012-2016, which selected by using purposive sampling method. Software SPSS version 22.0 and Eviews Version 10 for windows are used to test in this research.

The results of this research showed that return on equity, earnings per share, and price earnings ratio positively significant on stock return while dividend payout ratio and market to book value negatively significant on stock return. And other results show there are no significant between return on asset, net profit margin, return on capital employed, debt to equity ratio, tobin’s q and capital structure.

**Keywords**: fundamental analysis, stock returns.