

The Effect Of Taxes And Company Size On Transfer Pricing In Companies

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Abstract

Transfer pricing can be abused as tax avoidance, by setting the transfer price below the fair value to move the company's profits. The purpose of this study is to find out how the partial and simultaneous influence between taxes and company size on transfer pricing. This study is a quantitative study to determine the influence of Taxes and Company Size on transfer pricing. The research sample was 30 companies, with a total of 90 data used (30 companies x 3 years). The data used is financial data obtained by manufacturing companies listed on the IDX for the 2018-2020 period. The data collection techniques used are literature studies and documentation. The analysis technique used classical assumption tests and multiple linear regression analysis. The results are known to have a positive influence on the company's decision to carry out transfer pricing. This shows that companies tend to consider tax aspects in their transfer pricing strategy. The existence of a favorable tax policy or certain tax incentives can encourage companies to carry out transfer pricing. The size of the company has a positive influence on the company's decision to transfer pricing. This shows that the larger the size of the company, the more complex its business activities are, and therefore, the more likely it is to use transfer pricing in its financial and tax management. Transfer pricing itself is simultaneously influenced by taxes and company size.

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INTRODUCTION

The existence of globalization has an influence on various fields, one of which is in the field of economy, the movement of goods, services and capital between countries is getting wider and easier, regardless of national borders. National companies are now starting to penetrate into multinational companies. The development of this company is getting wider because it is not only based in its own country. This is the impact of globalization in the economic sector which makes it easier for companies in various countries to develop businesses. Multinational companies in strengthening their global base establish their subsidiaries, branches and business representatives in various countries whose purpose is to strengthen strategic alliances and to grow and develop the market share of their products and exports in various countries (Sumarsan, 2013). The phenomenon of transfer pricing practices that occurred in Indonesia in 2016, according to the Directorate General of Taxes and the Ministry of Finance (DGT and the Ministry of Finance), as many as 2,000 multinational companies in Indonesia did not comply with paying Corporate Income Tax (PPH) Article 25 and Article 29 based on the fact that the company continued to suffer losses. Director General of Taxes, Ken Dwijugastead during the Press Conference for the Inauguration of the Tax Auditor revealed that the existence of 2,000 companies are Foreign Investment (PMA) companies handled by the Special Tax Regional Office (Kanwil). The DGT must conduct a deeper investigation regarding the truth of this matter (liputan6.com/bisnis 2020).

This problem is an issue phenomenon that is able to steal the attention of all circles, especially for tax authorities. In fact, recent research has found that more than 80% of multinational companies see transfer pricing as a major issue (Suandy, 2016: 74). Transfer pricing can be a problem for companies, but it can also be an opportunity for abuse for companies that are chasing high profits. For companies that have subsidiaries in countries with high tax rates, it will be a problem because they will pay more taxes, so the profits obtained are less. Not a few companies also see this as an opportunity and make strategies to get more profits from sales and tax avoidance.

One of the main sources of income of a country is tax revenue. Indonesia is a developing country that needs funds for development in all fields. The funds are used to improve the welfare of its residents as well as build infrastructure that can be used by residents of the country itself. Taxes according to Law Number 16 of 2009 concerning General Provisions and Tax Procedures in article 1 paragraph 1 are "taxes are mandatory contributions to the state owed by individuals or entities that are coercive based on the Law, by not receiving direct rewards and used for state purposes for the maximum prosperity of the people". State revenue sourced from taxes is Rp 1,618.1 trillion from the total state revenue of Rp 1,894.7 trillion in the 2018 State Budget.

Taxpayers carry out tax obligations that are used for state development and financing, taxpayers pay taxes as a manifestation of state obligations and their participation as a form of contribution to national development. (Rachmat 2019) states that to minimize the tax burden, companies tend to shift tax liabilities from countries with high tax rates to countries with lower tax rates. One of the mechanisms that companies can use to minimize the tax burden is to implement Transfer pricing Rachmat (2019). Transfer pricing determination is the determination of the transaction price of products, services, financial transactions, or intangible assets between companies related to Saraswati & Sujana (2017). Transfer pricing can be done by companies by maximizing the purchase price and minimizing the selling price between companies in one group that are in different countries and have lower tax rates (Refgia, 2017).

Another thing that affects a company's decision to transfer pricing is the size of the company. The size of the company is a *nikai* that shows the size of the company. The

size of a company can be known from the company's total assets. The larger the company's assets, the larger the size of the company (Wukirasih and Supatmi, 2022). Large companies have more complex operational activities than small companies, making it more possible to do profit management. Research conducted by Richardson, et al (2013) proves that company size has a positive effect on the company's decision to transfer pricing to manufacturing companies.

This study was conducted to determine the partial and simultaneous influence between taxes and company size on transfer pricing.

Theoretical Foundations

Tax

The definition of tax according to Law Number 16 of 2009 concerning the fourth amendment to Law Number 6 of 1983 concerning General Provisions and Taxation Procedures in Article 1 Paragraph 1 reads "Tax is a compulsory contribution to the state that is imposed by an individual or entity that is coercive based on the law, by not receiving a direct reward and used for the needs of the State for the maximum prosperity of the people.

Meanwhile, the deficit or definition of tax According to Soemitro, (2017:3) is the people's contribution to the State treasury based on the law (which can be forced) without receiving timbale services (counterperformance) that can be directly submitted and which is used to pay for general expenses.

Taxes are the people's contribution to the State treasury under the law (which can be enforced) without receiving reciprocal services (counter performance) that can be directly demonstrated and that are used to pay for general expenses. Taxes are mandatory contributions to the state owed by individuals or entities that are coercive under the law, with no direct rewards and are used for state purposes for the maximum prosperity of the people.

Based on some of the definitions above, it can be concluded that taxes are obligations imposed on people or entities that have met the requirements for a country with the aim of fulfilling the interests and welfare of the wider community.

From this definition, it can be concluded that taxes have the following elements:

Taxes are mandatory contributions from the people to the state regulated by law. The state has the exclusive right to collect taxes, and these dues must be money, not goods. Tax collection is based on the force of the law and its implementing rules, providing legal certainty for taxpayers. Unlike levies, taxes do not provide direct rewards or individual counter-achievements to payers. The funds collected from taxes are used to finance state expenditures that benefit the wider community, such as infrastructure development, education, and health. Thus, taxes are one of the important sources of state revenue to realize common welfare (Mardiasmo, 2018:1)

Company Size

Size in general can be interpreted as a ratio of the size of an object. According to Sawir (2013), size in almost every study is for different reasons.

The provisions for company size are regulated in the Law of the Republic of Indonesia Number 20 of 2008 concerning micro, small and medium enterprises. The regulation describes four types of company sizes that can be assessed from the number of asset sales owned by the company. The four types of company sizes.

The size of the company can be classified into four categories based on net worth and number of sales. First, micro companies are businesses with a net worth of less than IDR 50,000,000 (excluding land and buildings) and sales of less than IDR 300,000,000,. Second, small companies have a net worth of between IDR 50,000,000 to IDR 500,000,000 (excluding land and buildings) and sales between IDR 300,000,000 to IDR

2,500,000,000,-. Third, medium-sized companies have a net worth between IDR 500,000,000,- to IDR 10,000,000,000 (excluding land and buildings) and sales between IDR 2,500,000,000 to IDR 50,000,000,000,-. Finally, large companies are businesses with a net worth of more than IDR 10,000,000,000 (excluding land and buildings) and sales of more than IDR 50,000,000,000,-.

The size of a company can be judged from several aspects. The size of a company can be based on total asset value, total sales, market capitalization, number of workers and so on. The greater the value of these items, the larger the size of the company. The larger the assets, the more capital invested, the more sales, the more money turnover and the greater the market capitalization, the greater the known it is in society (Supritanto and Falikhatun, 2018).

In terms of company size, it is seen from the total assets/assets owned by the company, which can be used for the company's operating activities. If the company has a large total assets, the management is more free to use the assets in the company. This freedom that management has is proportional to the concerns that the owners of their assets have. When viewed from the management side, the ease with which it has in controlling the company will increase the value of the company. Meanwhile, from the side of the company owner, a large amount of assets will reduce the value of the company.

In this study, total assets will be used to measure the size of the company because the value of assets is relatively more stable than that of the seller. Total assets are all the resources that the company controls as a result of past transactions and are expected to provide economic benefits to the company in the future. To measure the size of the company, it can be done in two ways, namely:

$$\text{Company size} = \text{Ln (Overall Assets)} \quad (1)$$

Large companies that have reached the maturity stage reflect that they are relatively more stable and more able to generate profits than small companies. For stable companies, the level of certainty to obtain profits is usually very high. On the other hand, for small companies, it is likely that the profits obtained are also unstable because the level of certainty of profits is lower. In large companies that have large profits tend to be involved in transactions or schemes that are significantly designed to avoid corporate taxes (Herusetya and Stefani, 2020). In some cases, large companies have high tax payment problems, which is why there are several companies that do various ways to make tax payments lower. One way is through transfer pricing, therefore this study will examine how many large companies do transfer pricing.

Transfer pricing

Transfer pricing from a tax perspective is a price policy in transactions carried out by parties in a company that has a special relationship. In business practice, transfer pricing is carried out by multinational companies that are in the same group as the company.

Transfer Pricing is a company policy in determining the transfer price of a transaction, be it goods, services, intangible assets, or financial transactions in transactions between parties who have a special relationship to maximize the company's profits. Transfer pricing is a special selling price or value that a company uses in interdivisional exchanges to record the revenue of the selling division and the cost of the buying division.

Based on the Regulation of the Director General of Taxes Number PER32/PJ/2011, transfer pricing is the determination of prices in transactions between parties who have a Special Relationship. Meanwhile, based on the Regulation of the Minister of Finance

of the Republic of Indonesia Number 213/PMK.03/2016, transfer pricing is the determination of prices in affiliate transactions, while the affiliate party is defined as a party that has a Special Relationship with the Taxpayer.

From some of the above understandings, it can be concluded that transfer pricing is a decision regarding the determination of prices for goods and services transactions to companies that have a special relationship to maximize profits in accordance with the principle of fairness. The calculation is by looking at the receivables on the transactions of related parties divided by the total receivables (Kusuma & Wijaya, 2017).

$$\text{Transfer Pricing} = \frac{\text{Receivables of the parties}}{\text{Total Receivables}} \times 100\% \quad (2)$$

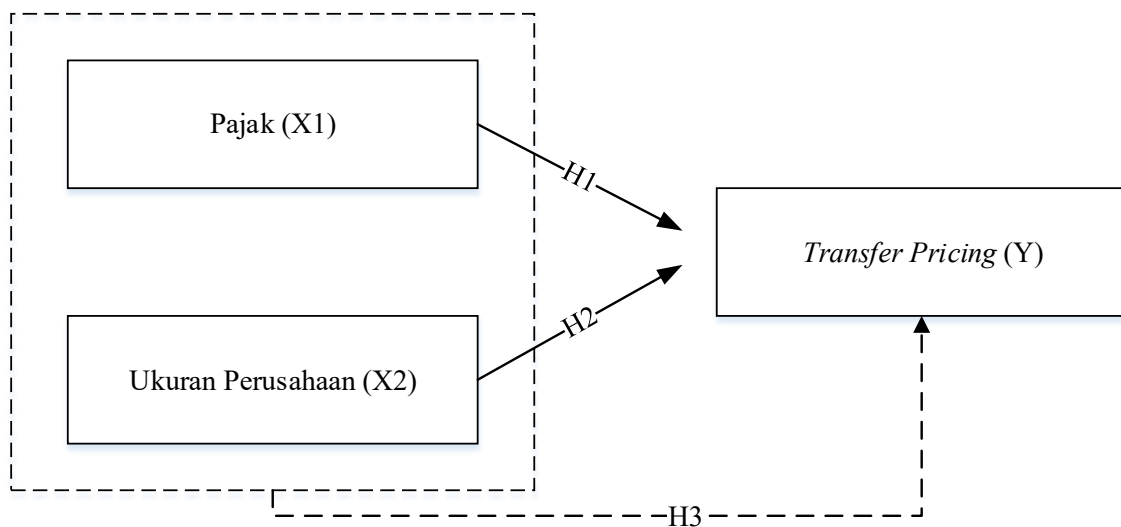


Figure 1. Research Model

Information:

- ▶ : Partial Influence
- - - - -▶ : Simultaneous Influence

Hypothesis

The Effect of Taxes on Transfer Pricing

Taxes are mandatory contributions of the people to the state treasury based on the law and are forced to be collected without receiving direct remuneration. Taxes are collected by the government based on the applicable legal rules to finance state expenditures to achieve the welfare of the general public.

Taxes are the main source of state revenue, tax contributions in recent years have become increasingly significant as national financing in order to succeed national development programs which will certainly increase economic growth and national welfare. However, when viewed from two sides, namely from the government side and entrepreneurs have two different perceptions. The government is trying to get as much tax revenue as possible, so entrepreneurs try to pay taxes as little as possible.

The higher the tax rate in a country, the more likely it is for companies to manipulate transfer pricing multinational companies do transfer pricing to minimize the company's tax liability. Tax motivation in transfer pricing in multinational companies is carried out in a way that is as much as possible to transfer income to countries with the lowest or minimum tax burden where the country has a group of companies or divisions of companies that operate.

This shows that the increasing tax burden triggers companies to carry out transfer pricing in the hope of reducing the burden. In business practice, generally managers will always try to minimize the tax burden. So from this description, the hypothesis that will be proposed is

H1 = Taxes affect the company's decision to conduct Transfer Pricing.

The Effect of Company Size on Transfer Pricing

The size of the company is a value that indicates the size of the company. The size of a company can be known from the company's total assets. The larger the company's assets, the larger the size of the company (Wukirasih and Supatmi, 2022). The size of the company will be very important for investors because it will be related to the investments made (Chairunisa, 2020). Companies that have large total assets indicate that the company has good prospects for a relatively longer period of time (Rachmawati and Triatmoko in Chairunisa, 2020). This makes managers who lead large companies less motivated to do profit management, including by doing transfer pricing because large companies are more concerned by the public so that large companies will be more careful in conducting financial reporting (Chairunisa, 2020). Therefore, the larger the company, the less likely the volume of transfer pricing to occur

H2 = The size of the Company affects the company's decision in conducting Transfer Pricing.

The Effect of Taxes and Company Size on Transfer Pricing

Transfer pricing is basically used to minimize the company's tax burden which can be affected by taxes and company size.

Based on the above formulation, the hypothesis in this study

H3 = Taxes and company size affect transfer pricing.

RESEARCH METHODS

This research is a quantitative research that uses numerical data and statistical procedures to analyze the influence of Taxes and Company Size on transfer pricing. The research sample was selected using a purposive sampling method with the criteria of using rupiah currency, owned by a foreign company with a percentage of ownership of 20% or more, did not suffer losses during the 2018-2020 period, and was affiliated. A sample of 30 companies met the criteria, with a total of 90 data used (30 companies x 3 years). The data used is financial data obtained by manufacturing companies listed on the IDX for the 2018-2020 period. The data collection techniques used are literature studies and documentation. The analysis technique used multiple linear regression analysis.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Descriptive statistical analysis is used to describe the state of research variables statistically. This study uses the mean, maximum value, minimum value and standard deviation to describe the statistical description of each variable. These descriptive statistics use the SPSS Statistic 25 application.

Table 1. Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
X1	90	26.10483	32.38703	28.40297	1.518481
X2	90	0.006346	0.959581	0.290326	0.175209
Y	90	0.000152	76.25789	3.187822	9.925558
Valid N	90				

Source: Attachment of processed data (SPSS 25 results), 2022.

Based on the data analysis, the description of each variable shows different characteristics. The *transfer pricing* variable (Y) has a very wide range of values, from 0.000152 to 76.25789, with an average of 3.187822 and a standard deviation of 9.925558. This indicates that *transfer pricing* data has considerable variation among the 90 data analyzed. Furthermore, the tax variable (X1) shows a narrower range of values, which is between 26.10483 and 32.38703, with an average of 28.40297 and a standard deviation of 1.518481. This suggests that tax data is relatively more homogeneous. Finally, the size variable (X2) has a minimum value of 0.006346 and a maximum of 76.25789, with an average of 0.290326 and a standard deviation of 0.175209. This shows that the size data also has significant variation, although not as large as *transfer pricing*. Overall, this descriptive analysis provides an overview of the distribution and distribution of data for each variable.

Classic Assumption Test

Normality Test

The normality test aims to test the normality of the distribution in the regression model. This normality test is a testing stage that must be carried out because when the classical assumption is eliminated, the statistical test becomes invalid. This study uses the Kolmogorov Smirnov statistical test to detect whether the residual is normally distributed or not. It is said that the regression model complies with the assumption of normality if the Kolmogorov Smirnov value is not significant, or greater than 0.05 (Santoso, 2014). The results of the normality test can be seen in the table below.

Table 2. Normality Test (One-Sample Kolmogorov-Smirnov Test)

		Unstandardized Residual
N		90
Normal Parameters ^{a,b}	Mean	0.0000000
	Std. Deviation	3.33244803
Most Extreme Differences	Absolute	0.070
	Positive	0.070
	Negative	-0.045
Test Statistic		0.070
Asymp. Sig. (2-tailed)		.200 ^{c,d}
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Based on the results of the spss output above, it shows that the data of the value of sig. 0.200 ($0.200 > 0.05$). Thus, the conclusion that the data used in the study is declared to be normally distributed.

Multicollinearity Test

The multicollinearity test aims to test whether the regression model finds a correlation between independent variables. A good regression model should not have correlations between independent variables. The way to detect the presence or absence of multicollinearity in the regression model is:

If the tolerance value > 0.10 , then multicollinearity does not occur

(3)

If the VIF value < 10.00 , then multicollinearity does not occur.

Table 3. Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1.	(Constant)		
	X1	0,638	1,567
	X2	0,638	1,567

Source: Attachment of processed data (SPSS 25 results), 2022.

Based on table 3, it can be seen that (X1) has a tolerance value of $0.638 > 0.10$ and a VIF value of $1.567 < 10.00$. And (X2) has a tolerance value of $0.638 > 0.10$ and a VIF value of $1.567 < 10.00$. So, in both variables there is no multicollinearity.

Heteroscedasticity Test

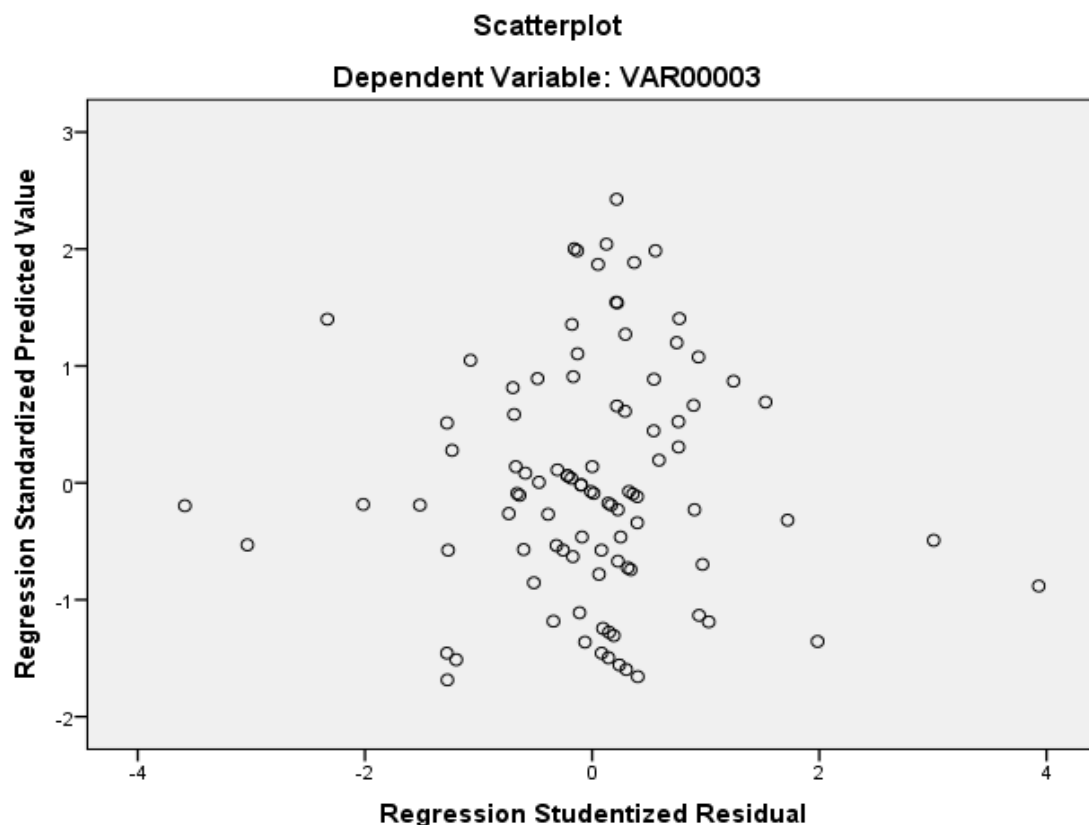
Heteroscedasticity tests the difference in residual variance from one observation period to another. Predicting the presence or absence of heteroscedasticity in a model can be seen with the Scatterplot image pattern, a regression that does not occur heteroscedasticity if:

The data points are spread above and below or around the number 0.

(4)

The data points collected only above or below.

The spread of data points should not form a wavy pattern of widening and then narrowing and widening again. The spread of data points is unpatterned.

**Figure 2. Heteroscedasticity Test**

Source: Attachment of processed data (SPSS 25 results), 2022.

From the results of figure 2, it can be stated that heteroscedasticity does not occur because; First, the data points are spread above and below or around the number 0. Second, the spread of data points does not form a pattern, wavy, or widen and then narrow and widen again.

Autocorrelation Test

The autocorrelation test is used to test whether in a linear regression model there is a correlation between the disruptive error (residual) in period t and the error in period $t-1$ (previous). If there is a correlation, then there is an autocorrelation problem. The prerequisite must be met is the absence of autocorrelation in the regression model.

There are several ways that can be used to detect the presence or absence of autocorrelations. One commonly used way to detect the presence of autocorrelation in multiple linear regression is the Durbin Watson Test (DW). The D-W test is one of the tests that are widely used to determine whether or not there is autocorrelation, with the following conditions.

In autocorrelation testing using the Durbin-Watson (DW) method, decision-making is based on the comparison of the DW value with the critical values of the Durbin-Watson table, namely d_l and d_u . If the DW value is less than d_l or greater than $(4-d_l)$, then the null hypothesis (H_0) is rejected, which means that there is an autocorrelation in the data. Conversely, if the value of DW lies between d_u and $(4-d_u)$, then H_0 is accepted, indicating the absence of autocorrelation. However, if the value of DW is between d_l and d_u , or between $(4-d_u)$ and $(4-d_l)$, then no definite conclusion can be drawn. The d_u and d_l values themselves are obtained from the Durbin-Watson statistical table, which depends on the number of observations and the number of explanatory variables in the regression model.

Table 4. Model Autocorrelation Test Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.838a	0,702	0,696	2,989	2,123
Predictors: (Constant), X1,X2.					
Dependent Variable: Y					

Source: Attachment of processed data (SPSS 25 results), 2022.

Based on table 4 above, it is known that the Durbin-Watson value (DW) is 2.123 to find out the value of the Durbin-Watson table in a significant 5% way, namely in the Durbin Watson table it means the number of independent variables and N is the number of samples. The number of independent variables is known to be 2 so $k=2$ and the sum of $N=95$ is obtained with a d_L value of 1.6233 and d_U of 1.7091. while $(4-d_U) = (4-1.7091) = 2.2909$, so $1.7091 < 2.123 < 2.2909$ then H_0 is accepted, meaning there is no autocorrelation.

Multiple Linear Regression Analysis

To test the hypothesis about the strength of independent variables over dependent variables, in the study multiple regression analysis with the smallest quadratic equation (OLS) with the basic model:

Table 5. Multiple Linear Regression

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1.	(Constant)	11,328	3,487	
	X1	,608	,067	,643
	X2	,177	,046	,275
Dependent Variable: Transfer Pricing (Y)				

Source: Attachment of processed data (SPSS 25 results), 2022.

From these equations, it can be interpreted:

In this regression model, a constant of 11.328 indicates that when the

independent variables (taxes and company size) are zero, the transfer pricing value will be at point 11.328. This positive constant value indicates the positive influence of independent variables on transfer pricing. Furthermore, the tax variable coefficient (X1) of 0.608 indicates that every one unit increase in the tax variable will cause an increase of 0.608 in transfer pricing. Similarly, a company size variable coefficient (X2) of 0.177 indicates that every one unit increase in company size will lead to an increase of 0.177 in transfer pricing. Thus, it can be concluded that both taxes and company size have a positive influence on transfer pricing.

Uji Hipotesis

Test F

Table 6. F Test

ANOVA ^a						
	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1936,347	2	968,173	108,392	.000 ^b
	Residual	821,758	88	8,932		
	Total	2758,105	90			
Dependent Variable: Y.						
Predictors: (Constant), X2,X1.						

Source: Processed data attachment (SPSS 21 results), 2022.

The F test in this study compares F_{cal} and F_{table} at the confidence level (0.05) or by looking at the significance of F, if $F_{cal} > F_{table}$ or the significant value of $F < 0.05$, then H_0 is rejected H_a is accepted.

The results of the calculation in table 6 show that the F_{count} is $108.392 > F_{table}$ is 3.10 with a significant value of .000, so the independent variable has a simultaneous effect on the dependent. Therefore, the hypothesis proposed that X1 and X2 simultaneously affect Y are acceptable.

T Test

Table 7. Regression Parameter Test (Statistical Test T)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11,328	3,487		3,248	,002
	Pajak	,608	,067	,643	9,022	,000
	Ukuran	,177	,046	,275	3,866	,000

a. Dependent Variable: Transfer Pricing

Source: Annexed processed data (SPSS 25 results), 2022.

Based on table 4.19 above, it can be seen that $t_{count} = 9.022 > t_{table} = 1.66159$ with a significance value of $0.000 < 0.05$, then H_0 is rejected and H_{a1} is accepted, which means that there is a real (significant) influence of the variable (X1) on the variable (Y). Furthermore, $t_{count} = 3.866 > t_{table} = 1.98667$. with a significance value of $0.000 < 0.05$, H_0 is rejected and H_{a2} is accepted, which means that there is a significant influence of the variable (X2) on the variable (Y).

Coefficient of Determination (R²)

The determination coefficient aims to measure how far the model's ability to explain the bound variable. In this study, the determination correlation calculation aims to measure how far the ability of the independent variables (X1) and (X2) to explain the bound variable (Y). The test criterion $R^2 = 0$, meaning that the free variable has no effect on the bound variable at all. If R^2 is getting closer to 1, which means it is close to 100%, it means that the free variable has a strong effect on the bound variable. The results of the partial data are as follows:

Table 8. Determination Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.838 ^a	.702	.696	2,989
a. Predictors: (Constant), X2, X1				
b. Dependent Variable: Y				

Sumber: Lampiran data diolah (Hasil SPSS 25), 2022.

From the table above, it can be explained that the relationship (correlation) between the free variables X1 and X2 and the bound variable, namely Y, is shown by the magnitude of the Multiple R, which is 0.838 This correlation number R is almost close to the number one, so it is concluded that taxes have a strong relationship with transfer pricing. The determinant coefficient or R square of 0.702 means that the influence of tax variables and company size on transfer pricing is 70.2%.

Interpretation of Results

The Effect of Taxes on Transfer Pricing.

The first hypothesis in this study is that taxes have a positive effect on transfer pricing. This hypothesis can be proven because the influence of taxes on transfer pricing has a significance value of less than 0.05, which is 0.000. A positive coefficient value of 0.608 also supports that taxes have a positive effect on transfer pricing.

So that the higher the tax the company has, the higher the motivation of managers in carrying out transfer pricing. The high tax rate causes the tax burden borne by the company to grow to be larger, therefore companies tend to choose transfer pricing as an alternative to minimize the tax burden they pay. The higher the tax rate set on a company, the higher the decision of a business entity to carry out transfer pricing. (Sundari and Susanti, 2016).

The Effect of Size on Transfer Pricing

The result of the second hypothesis test is that the size of the company has an effect on transfer pricing. This is because the influence of company size on transfer pricing has a significant value of less than 0.05, which is 0.000. A positive coefficient value of 0.177 also supports that the size of the company is Positive effect on transfer pricing. This means that the larger the size of a company, the higher the transfer pricing practice. The larger the size of the company, the larger the company's business activities and financial transactions, where the likelihood of transfer pricing will be higher in large companies compared to small companies. This study is supported by (Tania and Kurniawan, 2019) with the results of the partial regression coefficient test showing that the size of the company has a significance value of 0.003 which is smaller than the real rate of 0.05 or $0.003 < 0.05$, thus it can be concluded that the size of the company has an influence on transfer pricing.

The Effect of Taxes and Measures on Transfer Pricing.

The researcher conducted a test on the variable tax (X1) and size (X2) to have a significant effect simultaneously on transfer pricing (Y). This can be seen in the calculation using SPSS 25 with a double pearson correlation test obtained a significance value of F change of $0.000 < 0.05$, then the variables (X1) and (X2) are jointly related to the variable (Y).

At the value of the degree of the relationship R is known to be 0.838 which means that it is very strongly correlated. Then the test with multiple linear regression was obtained with the result $Y = (11.328) + 0.608 X1 + 0.177 X2$. The coefficient b is called the regression coefficient and expresses the change in the average of the variable Y for

each change in the variables X1 and X2 by one unit.

The F test in this study compares F_{cal} and F_{table} at the confidence level (0.05) or by looking at the significance of F, if $F_{cal} > F_{table}$ or the significant value of $F < 0.05$, then H_0 is rejected H_a is accepted.

The results of the calculation in table 4.18 show that the F_{count} is $108.392 > F_{table}$ is 3.10 with a significant value of .000, so the independent variable has a simultaneous effect on the dependent. Therefore, the hypothesis proposed that X1 and X2 simultaneously affect Y are acceptable.

CONCLUSIONS AND SUGGESTIONS

Based on the results of the discussion, it is known that taxes have a positive influence on the company's decision to carry out transfer pricing. This shows that companies tend to consider the tax aspect in their transfer pricing strategy. The existence of a favorable tax policy or certain tax incentives can encourage companies to carry out transfer pricing. The size of the company has a positive influence on the company's decision to transfer pricing. This shows that the larger the size of the company, the more complex its business activities are, and therefore, the more likely it is to use transfer pricing in its financial and tax management. Transfer pricing itself is simultaneously influenced by taxes and company size.

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