

## **ABSTRACT**

*Transfer pricing is the transaction price contained in each product or service from one company to another (inter-company transfer pricing) or from one division to another within one company (intra-company transfer pricing) that has a special relationship. Companies tend to shift their tax obligations from countries with high tax rates to countries with lower tax rates.*

*This research aims to determine the effect of tax minimization, tunneling incentive on transfer pricing with company size, leverage and profitability as control variables both simultaneously and partially on manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2019 period.*

*This research uses quantitative methods. The technique used in the sample selection was determined by purposive sampling method and obtained as many as 21 samples of companies with a period of 5 years so as to obtain 105 total research observations. The analytical technique used in this research is logistic regression.*

*The results of this research indicate that simultaneously tax minimization, tunneling incentive, company size, leverage and profitability as control variables have a significant effect on transfer pricing decisions. The variable tax minimization and tunneling incentive partially have a significant positive effect on transfer pricing decisions in manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019.*

*Suggestions for further research to use other types of companies that are not only within the scope of manufacturing companies to be able to prove whether they get the same results as the mining sector, agriculture sector and other sectors and it is highly recommended to add other independent variables that can affect transfer pricing decisions such as exchange rates, bonus mechanism and multinationality. Further researchers can also add a period of research years which will increase the number of samples.*

**Keywords:** *Tax Minimization, Tunneling Incentive, Company Size, Leverage, Profitability, Transfer Pricing*