

ABSTRACT

Transfer pricing is a policy in determining the transfer price of transactions between one company and another party that has a special relationship. Differences in tax rates between countries cause multinational companies to transfer revenues and profits to other countries in order to maximize their profits.

This study aims to determine the effect of the tax burden and bonus mechanism on transfer pricing by using control variables of profitability, company size and leverage in mining sector companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2019 period.

The population in this study are mining sector companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2019 period. The sample selection was determined using purposive sampling method so that a sample of 14 companies was obtained with a research period of 5 years and obtained a total of 70 research samples. The data used in this study were obtained from the company's financial statements. The analytical method used is logistic regression analysis which is tested using SPSS version 25 software.

The results of this study indicate that the tax burden, bonus mechanism using control variables of profitability, company size and leverage simultaneously have a significant effect on transfer pricing decisions. Partially, the tax burden variable using profitability control variables, company size and leverage has no effect on transfer pricing decisions, while the bonus mechanism variable using profitability, company size and leverage control variables has a significant negative effect on transfer pricing decisions.

In this study, the researcher suggests for further research to expand objects other than mining sector companies as well as increase the number of samples by increasing the number of research periods and adding independent variables outside of this study. For the management of mining sector companies, it is hoped that the bonus mechanism indicator can be taken into consideration in making transfer pricing decisions and for the Directorate General of Taxes the results of this study can tighten supervision over the transfer pricing practice by establishing an Advance Pricing Agreement (APA) as a way to anticipate if the company carries out transfer practices. pricing.

Keywords: *Bonus Mechanism, Company Size, Leverage, Profitability, Tax Burden, Transfer Pricing*