

ABSTRACT

Transfer pricing means the price that arises because of the delivery of goods, services, and other intangible assets to related parties. If the purpose of transferring prices is to meet production needs between companies within the same group, then transfer pricing in this case is carried out in a neutral manner. However, if the goal is to avoid taxes, then the practice of transfer pricing carried out connotes something that called abuse of transfer pricing. This practice is allowed to be carried out but must be in accordance with the arm's length principle.

The purpose of this research is to find out how the simultaneous and partial effect of tax minimization, company size, exchange rate, and multinationality on indication to performs transfer pricing in manufacturing companies listed on the Indonesia Stock Exchange for 2016-2020.

This study uses quantitative methods with the sampling technique is purposive sampling. The data used in this study is secondary data sourced from the official website of the Indonesia Stock Exchange and the company's official website. The population in this study amounted to 204 manufacturing companies listed on the Indonesia Stock Exchange for 2016-2020. Based on the sample criteria, the sample companies studied amounted to 14 companies. The analytical technique used in this study is logistic regression analysis using IBM SPSS Statistics 25 application.

The results show that the variables of tax minimization, company size, exchange rate, and multinationality simultaneously have a significant effect on indication to performs transfer pricing, where the variables of tax minimization, company size, exchange rate, and multinationality can affect indication to performs transfer pricing by 18,5% and 81,5% influenced by other factors not tested in the study. Multinationality has a significant effect in a positive direction on indication to performs transfer pricing. Meanwhile, tax minimization, company size, and exchange rate have no effect on indication to performs transfer pricing.

Researchers suggest that further researchers expand the object of research other than manufacturing companies, besides that it is also expected to increase the number of samples by increasing the observation period, as well as adding other variables outside the research variables. For multinational companies, it is expected that transactions with related parties are carried out in accordance with the arm's length principle. For investors, this research is expected to be a consideration in investing in multinational companies that carry out transfer pricing. In addition, the Direktorat Jenderal Pajak is expected to be able to target multinational companies, whether transactions carried out by multinational companies with related parties are in accordance with the arm's length principle.

Keywords: Tax Minimization, Firm Size, Exchange Rate, Multinationality, Transfer Pricing