

ABSTRACT

Transfer pricing is a price that is set for the diversion of goods, service as well as intangible asset between one company to another who have special relationship based on the principle of fairness and prevalence. Transfer pricing can cause a negative connotation if it is not carried out based on the principles of fairness and prevalence (abuse transfer pricing). This can be done by transferring taxable income to companies that have special relationships to minimize the tax expense. However, the practice of transfer pricing is actually a neutral practice.

The purpose of this study is to determine the effect of tax income, exchange rates, tunneling incentives, multinationality on transfer pricing decisions partially nor simultaneously in companies in the consumer goods industry sector that are listed on the Indonesia Stock Exchange (IDX) in 2017-2021.

The population from this study is from company in the sector of consumer goods industry that are listed on the Indonesia Stock Exchange (IDX) in 2017-2021 with the sampling technique in the form of purposive sampling. The samples result were 8 companies with a research period of 5 years and this study get 40 observation data. The data that is used in this study is secondary data in form of financial statements of companies listed on Indonesia Stock Exchange (IDX) for 2017-2021. The analysis technique used in this study was panel data regression analysis which was tested by using Eviews12.

The results of this study show that tax income, exchange rate, tunneling incentive, multinationality simultaneously influence transfer pricing decisions. Partially, tax income and tunneling incentive have a negative effect on transfer pricing decisions. Exchange rate have no effect on transfer pricing decisions. Multinationality have a positive effect on transfer pricing decisions.

This study can be used as a reference for future researchers who wish to do research related with transfer pricing. The suggestions that can be given are to expand the research object and to expand the period of the research so that more data is obtained and statistical test results and panel data regression test results can be much better.

Keywords: *Tax Income, Exchange Rate, Tunneling Incentive, Multinationality, Transfer Pricing*