

ABSTRACT

The company has a goal, which is to obtain optimal profits, so that the company carries out different business strategies in increasing profits. Transfer pricing is a price set on the transaction of two companies that have a special relationship (affiliate) on the basis of the Arm's Length Principle. Transfer pricing is useful for meeting the production needs needed in a group company to keep business processes running well, but this practice is often also used by companies to transfer profits so that they can reduce the tax burden received by the company.

This study was conducted with the aim of finding out how simultaneously and partially the influence of tax rates, tunneling incentives, and bonus mechanisms on transfer pricing. The research population is energy sector companies listed on the Indonesia Stock Exchange for the 2018-2022 period. The sampling technique using purposive sampling obtained 90 data and 5 observational outlier data and logistic regression analysis method using SPSS 27.

The results of the study show that the variables of tax rates, tunneling incentives, and bonus mechanisms have a simultaneous effect on transfer pricing practices in energy sector companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period. Meanwhile, the results of the study partially showed that the tax rate variable had a positive effect on transfer pricing practices the tunneling incentive variable and bonus mechanism had no effect on transfer pricing practices.

Keyword: Tax Rate, Tunneling Incentive, Bonus Mechanism, Transfer Pricing