Volume 16, Number 2, November 2024, pp 422 – 435, Jurnal Akuntansi, Program Studi Akuntansi, Fakultas Hukum dan Bisnis Digital, Universitas Kristen Maranatha. ISSN 2085-8698 | e-ISSN 2598-4977. http://journal.maranatha.edu

Debt Covenant, Tax Expense, and Intangible Assets on Transfer Pricing

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Received 8 Agustus, 2024; Revised 22 October, 2024; Accepted 22 October, 2024

Abstrak

Tujuan *– Untuk mengetahui dan menganalisis pengaruh Debt Covenant, Beban Pajak, dan Intangible Asset terhadap Transfer Pricing*
Desain/metodologi/pendekatan *– Penelitian ini menggunakan pendekatan kuantitatif asosiatif, dengan menggunakan analisis regresi linier berganda dan alat analisis data Eviews 9. Penelitian ini menggunakan sampel sebanyak 11 perusahaan yang ditentukan berdasarkan metode purposive sampling, yakni pemilihan sampel dengan kriteria tertentu.*
Temuan *– Hasil penelitian ini menunjukkan bahwa Debt Covenant, Beban Pajak dan Intangible Asset secara simultan berpengaruh dan signifikan terhadap Transfer Pricing. Secara parsial Debt Covenant berpengaruh negatif dan signifikan terhadap Transfer Pricing, Beban Pajak dan Intangible Asset tidak berpengaruh terhadap Transfer Pricing.*
Keterbatasan/implikasi Penelitian *– Temuan penelitian membuktikan adanya perbedaan kepentingan di mana perusahaan berkeinginan meningkatkan laba dengan meminimalkan pembayaran beban pajak kepada pemerintah. Namun sebaiknya harus digunakan cara-cara yang telah dilegalkan oleh pemerintah dan tidak bertentangan dengan peraturan perpajakan yang berlaku di Indonesia agar tidak merugikan kas negara yang berujung pada sengketa dengan Direktorat Jenderal Pajak.*

Keywords: Debt Covenant, Tax Expense, Intangible Asset, Transfer Pricing

Abstract

Purpose *- Determine and analyze the effect of Debt Covenant, Tax Expense, and Intangible Asset on Transfer Pricing.*
Design/methodology/approach *- This study uses an associative quantitative approach using multiple linear regression analysis and Eviews 9 data analysis tools. This study uses a sample of 11 companies, which was determined based on the purposive sampling method, which is a sample selection with specific criteria.*
Findings *- The results of this study indicate that Debt Covenant, Tax Burden, and Intangible Asset have simultaneous and significant effects on transfer pricing. Partially, Debt Covenant has a negative and significant effect on transfer pricing, Tax Burden and Intangible Asset have no effect on transfer pricing.*
Research limitations/implications *– The research findings prove that there are differences of interest where companies want to increase profits by minimizing tax payments to the government. However, it is better to use methods that have been legalized by the government and do not conflict with tax regulations in force in Indonesia so as not to harm the state treasury which leads to disputes with the Directorate General of Taxes.*

Keywords: Debt Covenant, Tax Expense, Intangible Asset, Transfer Pricing

Introduction

Transfer pricing (Thanjunpong and Awirothananon, 2019) is the price calculated for the transfer of intangible goods and other goods and services between companies in a special relationship based on the principle of fair market value (Pohan, 2018). TP can be done for transactions between taxpayers who have a special relationship. A special relationship may cause price anomalies, other costs, or realized costs in corporate transactions. TP in related party transactions raises agency problems (agency theory) and creates information asymmetry between company management (agent) and shareholders (principal). When shareholders delegate authority to run the business, the agency has more information than the principal and the agency can act opportunistically. Management can take advantage of differences in tax rates between countries of affiliated companies to adjust the company's tax expense, thereby affecting the increase in profit after tax, it can also use connections to manage expenses deducted from pre-tax profits, such as royalty fees for the use of intangible assets to increase the value of profit after tax. This condition is utilized by management to get more profit in the form of a bonus mechanism by maximizing company profits.

Transfer Pricing is one of the tax planning efforts that companies can do to avoid high tax rates and maximize corporate profits by utilizing special relationships with tax haven countries. If a large company bears the tax, then the company will be encouraged to apply transfer pricing. transfer pricing with the aim of reducing the tax expense (Santosa and Suzan, 2018).

Companies can reduce their tax expense by raising purchase prices and lowering selling prices among companies in the same group and shifting profits to companies operating in countries with lower tax rates. Companies can also make their own transfer pricing decisions by paying affiliates in the form of royalties for technology, know-how, trademarks, patents and other intangible assets. Intangibles are one of the things that affect transactions involving companies, especially multinational companies in the mining sector. Company management pays royalties to affiliates located in lower-tax countries for the use of higher-value intangible assets, which increases company expenses and reduces profits or losses, resulting in a lower tax expense or even no tax at all. Transfer pricing is pejorative in nature, involving the transfer of taxable income between companies by exploiting differences in rates, (Fadillah and Lingga, 2021).

Factors that can affect the company's transfer pricing decision are Debt Covenant. Debt Covenants are contracts designed to protect lenders from administrator actions that are contrary to the interests of creditors, such as excessive dividends, additional loans, or keeping the owner's work and asset models below a certain level or increasing the risk of existing creditors. Debt covenant research has been conducted stating that debt covenants have a significant effect on indications of transfer pricing (Nuradila and Wibowo, 2018). In this study, debt covenant, tax burden, and intangible assets variables will be used to determine their influence on transfer pricing both simultaneously and partially.

The results of research conducted by Hartika and Rahman (2020) stated that Tax Expense and Debt Covenant simultaneously affect Transfer Pricing. Likewise, research conducted by Novira et al. (2020) stated that Intangible Assets has a significant positive effect on Transfer Pricing decisions, because if the tax expense-imposed increases, companies that do transfer pricing with related parties will decrease or vice versa. While other research conducted by Ginting et al. (2019) stated that Debt Covenant and Intangible Assets have no effect on transfer pricing, and research conducted by Ainiyah and Fidiana (2019) stated that tax expense has no effect on reluctance to pay taxes, but to arrange so that the tax paid is not more than the amount it should be.

Transfer pricing cases in 2018 increased significantly compared to 2017.In a report covering 89 jurisdictions in 2018 Mutual Agreement Procedure (MAP) Statistic, the OECD noted that the number of new transfer pricing disputes increased by 20%.This number is higher than other disputes which are only around 10% (Bisnis.com, 2019). Based on the description of the case, transfer pricing turns out to be one of the weakest systems that can be used as a shortcut to generate profits.

Literature Review and Hypothesis

Literature Review

Agency Theory

Agency Theory by Jansen and Meckling (1976) states that agency theory is a theory that discusses the relationship between company owners or principals and company managers or agents (Ginting et al., 2019). Agency relationships in agency theory are various agreements between principals or owners and agents or managers who handle control over resource utilization, (Junaidi and Zs, 2020). The agent plays an important role as the party who has the authority to make decisions so that the principal who gives trust to the agent is responsible for managing the company.

Agency conflicts can adversely affect clients because the owners are not directly involved in running the business so they do not have access to the right information, so they take the initiative to apply transfer pricing with the aim of reducing taxes to be paid. From the explanation above, it can be concluded that the agency theory is expected to reduce the difference in interests arising between the principal and the agent to minimize the transfer pricing issued by the company.

Positive Accounting Theory

Positive accounting theory is reasoning to show in accounting reports or phenomena, what it is in accordance with the facts. In this theory, it explains how to choose the optimal accounting procedure and has special reasons for company management, (Baiti and Suryani, 2020). Positive accounting theory explains why accounting policies are of concern to companies and parties with an interest in financial statements, and can with an interest in financial statements, and can choose under certain conditions, (Nurlita, 2018). Managers tend to act opportunistically when choosing accounting rules that can bring profits and increase business satisfaction.

Hypothesis

Effect of Debt Covenant on Transfer Pricing

Debt Covenant is a useful debt agreement that puts protection on debtors from manager behavior related to creditor interests such as distributing excessive dividends, and allowing the determination of equity below fair value (Ratnasari, Widiastuti, and Sumilir, 2021). In positive accounting theory, it is explained that the higher the company's debt to the limits contained in the debt agreement, the greater the chance of breaking the agreement and the occurrence of engineering failure costs, the greater the possibility that managers use accounting methods that can increase profits, such as transfer pricing practices.

This is supported in the results of research by Hartika and Rahman (2020) and Junaidi and Zs (2020) that stated that the higher the debt ratio, the more constrained the company is in debt agreements. Nurwati (2021) stated that debt covenants have an influence on transfer pricing practices, by choosing an accounting mechanism through the next period's profit change report to the current period.

H_1: Debt Covenant is suspected to affect transfer pricing.

Effect of Tax Expense on Transfer Pricing

In agency theory, multinationals use transfer pricing to minimize their global tax liabilities. The motivation for transfer pricing for multinationals is the transfer of income to the country with the lowest tax expense. Transfer pricing is done by increasing the purchase price and minimizing the price selling of transactions between companies in the same group and companies in the same group and domiciled in countries with low tax rates, (Lestari, Dewi, and Surachman, 2021).

The results of research conducted by Klassen, Lisowsky, and Mescall (2017); Hartika and Rahman (2020); Rahayu, Wahyuningsih, and Wijayanti (2020) stated that tax expense affects transfer pricing by reducing the marginal tax rate of listed companies, the higher the tax savings that can be obtained by shifting profits from related companies to the list of companies.

H_2: Tax Expense is suspected to have an effect on Transfer Pricing.

The Effect of Intangible Asset on Transfer Pricing

According to PSAK 19 (Revised 2015) Tangible assets are non-current and intangible assets that provide economic and legal rights to the owner. These assets are owned and controlled by the company as a result of past events and are expected to generate future economic benefits. In agency theory, it is explained that company managers can utilize intangible assets as assets that are difficult to detect to fulfill their interests. Companies can transfer intangible assets to subsidiaries or affiliated companies. Multinational companies do, the ease with which multinational companies transfer intangible assets can increase the motivation of company managers to transfer prices, especially companies with large enough intangible assets (Depari, Ramadhan, and Firmansyah, 2020).

According to research conducted by Apriani, Putri, and Umiyati (2020), intangible assets affect transfer pricing, the risk of transfer pricing aggressiveness increases because there are differences in the interpretation of transfer price assessments, and the difficulty for companies is to properly define transactions regarding intangible assets.

H_3: Intangible Asset affects transfer pricing.

The Effect of Debt Covenant, Tax Expense, Intangible Asset on Transfer Pricing

Debt covenant also influences management's decision to do transfer pricing, then the company will try to avoid the violation of debt contract by choosing accounting method tips that can increase the company's profit.Tax is the biggest reason for multinational companies to do transfer pricing, the amount of tax expense borne by the company makes the company do tax planning, One of the tax planning that is often used by multinational companies is transfer by multinational companies is transfer increasing the purchase price and reducing the selling price for transactions between companies in one group and transferring the profits obtained to companies domiciled in countries that apply low tax rates (Lestari et al., 2021).

One form of transfer pricing transaction is the transfer price of intangible assets. Multinational companies have become the most important part of the majority of intangible asset transactions between countries. Research conducted by Hartika and Rahman (2020) and Junaidi and Zs (2020) stated that debt covenants have an influence on transfer pricing practices. Furthermore, based on research from Klassen et al. (2017), tax expense affects transfer pricing.

H4: Debt Covenant, Tax Expense, and Intangible Aset are suspected to affect Transfer Pricing

Research Method

Type of Research

This research is a type of quantitative research and uses associative methods. According to Sugiyono (2016), associative research is a formulation of research problems that asks about the relationship between two or more variables, where the data used is secondary data. The analysis technique used in this research is panel data regression analysis. The research data will be calculated using the Eviews Software program version 9.

Table 1
Variable Operationalization

Variable	Indicator	Source
Transfer Pricing	$TP = \dfrac{\text{Related Party Receivables}}{\text{Total Receivables}}$	(Ginting et al., 2019)
Debt Covenant	$DER = \dfrac{\text{Total Liabilities}}{\text{Total Equity}}$	(Wulandari, Anisa, Irawati, and Mubarok, 2021)
Tax Expense	$ETR = \dfrac{\text{Income Tax Expense}}{\text{Profit Before Tax}}$	(Rahayu et al., 2020)
IntangibleAsset	$IA = \dfrac{\text{Total Intangible Assets}}{\text{Total Sales}}$	(Karunia and Irawati, 2023)

Population and Sample

The population in this study were 27 multinational companies listed on the Indonesia Stock Exchange (IDX). Sampling of companies in this stud using purposive sampling method, the collection of samples

to be the sample criteria in this study, namely:
1. Multinational companies listed on the Indonesia Stock Exchange (IDX) for the period 2017-2021.
2. Multinational companies that report financial statements consecutively for five years in the 2017-2021 period.
3. Multinational companies that publish financial statements in rupiah currency.

Table 2
Research Criteria

Criteria	Number of Companies
Multinational companies listed on the IDX for the period 2017 - 2021.	27
Multinational companies that report financial statements consecutively for five years in the for five years in the period 2017-2021.	(11)
Multinational companies that publish financial statements in rupiah currency.	16
Number of samples that meet the criteria	16
Outlier Data	5
Number of Sample Companies	11
Number of research years 2017-2021	5
Total research sample (11 x 5 years)	55

Results and Discussion

Table 3
Descriptive Statistical Test Results

	Transfer Pricing	Debt Covenant	Tax Expense	Intangible Assets
Mean	21.92705	1.839266	0.216348	1.540750
Median	9.433339	1.944871	0.223249	1.139612
Maximum	85.67829	2.457837	0.611117	8.058719
Minimum	0.639348	1.170699	0.005278	0.278495
Std. Dev.	26.71231	0.345742	0.101122	1.630882
Skewness	1.258808	-0.535358	0.302647	2.782440
Kurtosis	3.153533	2.101065	6.536927	9.983011
Jarque-Bera	14.57951	4.479101	29.50803	182.7153
Probability	0.000682	0.106506	0.000000	0.000000
Sum	1205.988	101.1596	11.89916	84.74127
Sum Sq. Dev.	38531.55	6.455044	0.552191	143.6280
Observations	55	55	55	55

Source : Processed Data

From the descriptive statistical test results, the following information is obtained :

a. The descriptive results of the dependent variable Transfer Pricing show a minimum value of 0.639348 at PT Japfa Comfeed Indonesia Tbk in 2020 and a maximum value of 85.67829 at PT Budi Starch & Sweetener Tbk in 2019 with an average (Situmeang et al., 2018) of 21.92705, a median of 9.433339 and a standard deviation value of 26.71231>21.92705, because the standard deviation is greater than the average, it can be said that the data distribution varies.

b. Descriptive results of the Debt Covenant variable show the minimum value of 14.81489 at PT. Bisi Internasional Tbk in 2021 and a maximum value of 286.9704 at PT. Fast Food Indonesia Tbk in 2021 with an average (Situmeang et al., 2018) of 1.839266, a median of 1.944871 and a standard deviation value of 0.345742 <1.839266, because the standard deviation is smaller than the average, it can be said that the data distribution is quite good.

c. The descriptive results of the Tax Expense variable show a minimum value of 0.005278 at PT Bumi Serpong Damai Tbk in 2021 and a maximum value of 0.611117 at PT Voksel Electric Tbk in 2020 with an average (Situmeang et al., 2018) of 0.216348, a median of 0.223249 and a standard deviation value of 0.101122 < 0.216348, because the standard deviation is smaller than the average, it can be said that the data distribution is quite good.

d. The descriptive results of the Intangible Asset show a minimum value of 0.278495 at PT Wilmar Cahaya Indonesia Tbk in 2018 and a maximum value of 8.058719 at PT Bumi Serpong Damai Tbk in 2020 with an average (Situmeang et al., 2018) of 1.540750, a median of 1.139612 and a standard deviation value of 1.630882 > 1.540750, because the standard deviation is greater than the average, it can be said that the data distribution varies

Panel Data Regression Model

This study uses one type of panel data model. Therefore, to select the type of model to be used, it is necessary to test it first. Various tests were carried out, namely the chow test, hausman test

Table 4
Conclusion of Panel Data

No	Method	Test	Results
1	Chow Test	CEM VS	FEM
2	Hausman Test	FEM VS CEM	FEM

Source : Processed Data

Based on the conclusion table panel data regression model testing that the appropriate model to use in estimating debt covenant variables, tax expense, and intangible assets on transfer pricing is the Fixed Effect Model

Table 5
Classical Assumption Test Results

No	Method	Results	Conclusion
1	Normality Test	Jarque bera's probability value is greater than 0.05	Normally distributed
2	Multicollinearity Test	Independent Variable value < 0,90	No Multicollinearity in the Regression Model
3	Heteroskedasticity Test	Prob value > significance level of 0,05	There are no symptoms of heteroscedasticity
4	Autocorrelation Test	The DW statistical value lies between du and 4-du, namely 1.6815 < 1.7252 < 2.3185	There is no autocorrelation symptom

Source : Processed Data

Based on the classic assumption test table It can be concluded that this research is free in the classical assumption test.

Table 6
Estimation Test Results Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	142.7013	24.14583	5.909978	0.0000
X1	-64.38379	13.22973	-4.866600	0.0000
X2	-12.51759	18.35390	-0.682012	0.4991
X3	0.228963	2.709708	0.084497	0.9331

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.916285	Mean dependent var	21.92705
Adjusted R-squared	0.889741	S.D. dependent var	26.71231
S.E. of regression	8.869910	Akaike info criterion	7.418536
Sum squared resid	3225.687	Schwarz criterion	7.929494
Log likelihood	-190.0097	Hannan-Quinn criter.	7.616128
F-statistic	34.51955	Durbin-Watson stat	1.822703
Prob(F-statistic)	0.000000		

Source : Processed Data

Based on Eviews 9 calculations in table 6 obtained multiple linear regression equations as follows :
Y = a + β1X1 + β2X2 + β3X3 + e
Y = 142.7013 - 64.38379 - 12.51759 + 0.228963+ e

The numbers listed in the equation are taken from the estimated output, as follows :

1. A constant of 142.7013 with a positive relationship direction, indicates that if the Debt Covenant, Tax Expense, and Intangible Asset variables, then the value that occurs in Transfer Pricing is 66.028883.
2. The coefficient of the debt covenant variable is -64.38379 which has a negative value, meaning that every 1 point increase in the debt covenant variable will reduce the transfer pricing variable by 64.38379.
3. The coefficient of the tax expense variable is - 12.51759 which has a negative value, meaning that every 1 point increase in the tax expense variable will reduce the tax expense variable by 12.51759.
4. The coefficient of Intangible Asset variable is 0.228963 which has a positive value, meaning that every 1 point increase in Intangible Asset variable will increase the transfer pricing variable by 0.228963.

Table 7
Test Result Coefficient of Determination

R-squared	0.916285	Mean dependent var	21.92705
Adjusted R-squared	0.889741	S.D. dependent var	26.71231
S.E. of regression	8.869910	Akaike info criterion	7.418536
Sum squared resid	3225.687	Schwarz criterion	7.929494
Log likelihood	-190.0097	Hannan-Quinn criter.	7.616128
F-statistic	34.51955	Durbin-Watson stat	1.822703
Prob(F-statistic)	0.000000		

Source : Processed Data

Based on table 5, the value obtained is Adjusted R-squared value of 0.889741. This value shows that the independent variables together affect the dependent variable by 88.9741%. While the difference of 0.110259% is influenced by other variables outside the selected variables.

Table 8
Simultaneous Test Results

R-squared	0.916285	Mean dependent var	21.92705
Adjusted R-squared	0.889741	S.D. dependent var	26.71231
S.E. of regression	8.869910	Akaike info criterion	7.418536
Sum squared resid	3225.687	Schwarz criterion	7.929494
Log likelihood	-190.0097	Hannan-Quinn criter.	7.616128
F-statistic	34.51955	Durbin-Watson stat	1.822703
Prob(F-statistic)	0.000000		

Source : Processed Data

Based on table 8, it is known that the F-statistic > F-table = (34.51> 2.78) with a probability of (0.000000) <0.05. This means that the independent variables simultaneously have a significant effect on the dependent variable or in other words, the regression model is suitable for use in research.

Table 9
t-Test Results
t-Test Results with Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	142.7013	24.14583	5.909978	0.0000
X1	-64.38379	13.22973	-4.866600	0.0000
X2	-12.51759	18.35390	-0.682012	0.4991
X3	0.228963	2.709708	0.084497	0.9331

Source : Processed Data

From the test results that have been conducted t test (Partial), there is a debt covenant variable on the effect of transfer pricing, the probability value is 0.000. The significant value of the debt covenant variable shows the value below the significant level set at 0.05. While t_{count} is greater than t_{table} (-4.866600 > 1.67303), it means that debt covenant affects transfer pricing. Debt covenants are contracts appointed to borrowers by creditors to limit activities that damage the value of the loan and loan recovery. The higher the debt or equity ratio, the closer the company is to the limit of the credit agreement or regulation. Based on the results of this study, the multinational companies sampled did not conduct transfer pricing that is shown to increase profits in order to relax the limits of credit agreements or regulations listed in the debt covenant.

The results of this study are in line with the theory of the Debt Contract Hypothesis (the debt covenant hypothesis) which states that the closer a company is to a violation of accounting based on a debt agreement, the more likely it is that company managers choose accounting procedures with changes in reported earnings from future periods to the present period. The results of this study are in line with Junaidi and Zs (2020) and Hartika and Rahman (2020) which state that Debt Covenant has a significant effect on the company's decision to do transfer pricing. Meanwhile, research that does not support this statement was conducted by Ginting et al. (2019) that stated that Debt Covenant has no effect on transfer pricing decisions.

The Effect of Tax Expense on Transfer Pricing

From the test results that have been done with the t test (Partial) there is a variable tax expense on the effect of transfer pricing, the probability value is 0.4991. The significant value of the tax expense variable shows a value above the significant level set at 0.05. t_{count} is smaller than t_{table} (-0.682012<1.67303). So it means that partially tax expense has no effect on transfer pricing. This research is in line with the research of Ainiyah and Fidiana (2019) which state that tax expense has no effect on transfer pricing, while research that does not support this statement is Triyanto (2020) which states that tax expense affects transfer pricing. To be able to minimize the tax expense paid, companies can carry out good tax management. Managers are required to reduce tax costs as much as possible to increase the efficiency and competitiveness of the company by managing tax obligations.

The management of tax obligations is carried out by conducting a tax management which is part of financial management, so that the objectives of tax management must be in line with the objectives of financial management. It can be concluded that this proves that the tax expense does not make the company management's reason to do transfer pricing. The amount of tax expense paid by the company does not determine the transfer pricing practices carried out by the company with related parties to be higher or vice versa. So that the hypothesis of this research is rejected.

The Effect of Intangible Asset on Transfer Pricing

From the test results that have been done with the t test (Partial), there is a variable intangible assets to the effect of transfer pricing, the probability value is 0.9331. The significant value of the tax expense variable shows a value above the significant level set at 0.05. While t_{count} is smaller than t_{table} (0.084497<1.67303). It means that partially intangible assets have no effect on transfer pricing.

In valuing and presenting intangible assets in the financial statements, it is necessary to describe the real value of the company (Maslahah, 2021). However, the value of intangible assets presented in the financial statements does not yet reflect the true value of the company because each contains unexplained value.nThe results of this study are in accordance with Deanti (2017) which state that Intangible Asset has no effect on transfer pricing. Meanwhile, research that does not support is Ginting et al. (2019) and Novira et al. (2020) which state that Intangible Assets have an influence on Transfer Pricing. The higher the value of Intangible Assets owned by the company, the smaller the possibility of Transfer Pricing, which means that the size of intangible assets cannot be used as a benchmark for companies in transferring profits to countries that set low tax rates.

Effect of Debt Covenant, Tax Expense, and Intangible Asset on Transfer Pricing

From the test results that have been carried out with the F (Simultaneous) Test on the debt covenant variable, tax expense, and intangible assets on transfer pricing, the value (Prob F-statistic) is 0.0000. The significant value obtained in the F statistical test shows a value below the significant level set at 0.05. While the value of $F_{count} < F_{table}$ (0.0000 < 2.78) then H_3 is rejected. This means that simultaneously debt covenant, tax expense, and intangible assets affect transfer pricing.

Conclusion and Recommendation

Conclusion

1. Debt Covenant have an effect on Transfer Pricing in multinational companies listed on the IDX in the 2017-2021 period. This is indicated by the significant value of 0.0000 which is smaller than 0.05. It can be concluded that debt covenants affect transfer pricing.
2. Tax Expenses have no effect on Transfer Pricing in multinational companies listed on the IDX in the 2017-2021 period. This is indicated by the significant value of 4.991 which is greater than 0.05. It can be concluded that tax expense has no effect on transfer pricing.
3. Intangible Assets have no effect on Transfer Pricing in the 2017-2021 period. This is indicated by the significant value of 0.9331 which is greater than 0.05. It can be concluded that intangible assets have no effect on transfer pricing.
4. Debt covenants, tax expense, and intangible assets have an effect on transfer pricing in multinational assets on transfer pricing in multinational periods. This is indicated by the significant value of 0.0000 which is smaller than 0.05.

Suggestion

Based on the results of the research that has been done, the suggestions that can be given to companies and further researchers are as follows :

1. For companies

   Companies need to be more careful if they want to increase profits and minimize tax expense payments. It is better to use methods that have been legalized by the government and do not conflict with existing tax regulations in Indonesia so as not to harm the state treasury which results in disputes with the Directorate General of Taxes.

2. For Future Research
   Future researchers are expected to add or use other variables such as bonus mechanism variables related to transfer pricing. Future research is also expected to be able to use different measurement variables from this study.

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