ABSTRACT

Transfer pricing is a company policy in determining the price of transactions between members of the division within a multinational company. This study aims to examine the influence factors of tax, tunneling incentive and bonus mechanism on transfer pricing decision. Transfer pricing in this study using dummy variables.

The population in this study are the consumer goods industry sector companies listed on Indonesia Stock Exchange (IDX) with the 2013-2016 study period. Sample selection technique used is purposive sampling and acquired 21 companies. The data used in this study was obtained from financial statement data. Methods of data analysis in this research is logistic regression analysis using SPSS software version 22.

The results showed that simultaneous tax, tunneling incentive and bonus mechanism have a significant effect on transfer pricing decision. While partially, tax and tunneling incentive is have a significant positive effect on transfer pricing decision and bonus mechanism have no effect on transfer pricing decision.

Keywords: *Transfer Pricing, Tax, Tunneling Incentive, Bonus Mechanism.*