

ABSTRACT

Transfer pricing is a policy to determine the transfer price of transactions (such as goods, services, intangible assets, and other financial transactions) between the company and other parties that have special relations. Transfer pricing must be consistent with arm's length principle so they will not abuse by company that maximizing their profit.

This study aims to determine the simultaneous and partial influence between tax expenses, company size, and bonus mechanism on transfer pricing in various industrial sub-sector of manufacturing companies listed on the Indonesia Stock Exchange (IDX) for 2016-2018.

This study used quantitative methods. This study also used purposive sampling as a sampling technique. The data in this study are secondary data obtained from the official website of Indonesia Stock Exchange (IDX) www.idx.co.id. The samples in this study are 19 companies within 3 years of research so 57 total companies were obtained. The analysis technique used in this study is logistic regression analysis using SPSS 25 application.

Based on the result, tax expenses, company size, and bonus mechanism simultaneously have a significant effect on transfer pricing, where tax expenses, company size, and bonus mechanism can affect transfer pricing by 41,5% and 58,5% influenced by other factors outside this study. Company size has a positive effect on transfer pricing while tax expenses and bonus mechanism does not affect transfer pricing.

The researcher suggests for future researchers to expand objects in this study other than various industrial and increase the number of samples by increasing the observation period as well as adding other variables. For large companies are expected to using transfer pricing based on arm's length principle. And for Direktorat Jenderal Pajak is expected to oversee transactions made between companies with special relations, whether the transactions are based on fair market price or not.

Keywords: Transfer Pricing, Tax Expenses, Company Size, Bonus Mechanism.