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The Influence of Exchange Rate, Leverage, Intangible Assets and Tunneling Incentives on A Company's Decision To Conduct Transfer Pricing (Empirical Study of Manufacturing Companies Listed on the BEI 2019-2021)

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Abstract: In this era of globalization and increasing cross-border activity, transfer pricing is a topic that is increasingly discussed and of concern to multinational companies and tax authorities. Several countries have adopted transfer pricing regulations. This research aims to analyze exchange rates, leverage, intangible assets and tunneling incentives on company decisions in carrying out transfer pricing. The dependent variable in this research is transfer pricing. The independent variables in this research are exchange rates, leverage, intangible assets and tunneling incentives. The financial or annual reports of manufacturing businesses listed on the Indonesia Stock Exchange for the 2019–2021 period serve as the secondary data source for this study. Choosing the sample by use of the purposive sampling technique. This study used 33 companies and 99 data points as its sample. The results of this research found that (1) exchange rates have no effect on transfer pricing, (2) leverage has an effect on transfer pricing, (3) intangible assets have an effect on transfer pricing, and (4) tunneling incentives have no effect on transfer pricing. influence on transfer prices.

Keyword: Transfer Pricing, Leverage, Intangible Assets.

INTRODUCTION

In this era of globalization and increasing cross-border activity, transfer pricing is a topic that is increasingly discussed and of concern to multinational companies and tax authorities. Some countries have adopted transfer pricing regulations and increased enforcement efforts, as companies fear they face a greater risk of double taxation, is the same amount being taxed in more than one jurisdiction. Interestingly, 70% of global trade turns out to be carried out between affiliates or within multinational companies themselves (Murphy, 2010).

Transfer pricing is used in transfers between branches of multinational companies whose objects are the sale of goods, provision of services, collection of rental income, and collection of interest from inter-company loans. These issues are resolved administratively depending on the economic and fiscal interests of the company. (Claessens & Djankov, 2012). In the early days of management accounting, transfer pricing was referred to as a price strategy used for the provision of goods or services between departments with the goal of gauging each division's or department's performance (Nurhayati, 2013).

Subsidiary businesses find it challenging to identify inter-company transfer pricing since market forces typically drive price formation in transaction cycles involving parties without special relationships. But, if the transaction involves special relationships, there's a chance that the price formed will be irrational since market forces won't work as they should to allow the business to use transfer pricing to figure out the transaction price (Cledy and Amin, 2020).

Determining prices between groups is called transfer pricing (Panjalusman, Nugraha, and Setiawan, 2018). Since transfer pricing is used to assess a company's performance, it does not at first have a negative connotation, Due to the effects of globalization, transfer pricing practices have increased. A number of articles have reviewed evidence of deviations from transfer pricing practices, such as the transfer pricing scandals involving Toyota (Firmansyah, 2020) and PT Adaro Energy Tbk (Fujianiti et al., 2021), both of which reported sharp declines in profits and were suspected of engaging in transfer pricing practices that did not adhere to business fairness standards.

For instance, because PT Adaro Energy Tbk made sales with a related firm in Singapore, it was one of the transfer prices in a case that was bad for Indonesia. The Department of Energy and Mineral Resources has received a public report on this case. This research raises suspicions that PT. Adaro Energy Tbk is selling coal for less than the going rate internationally. The goal of this is to prevent having to pay taxes and royalties that belong in the state treasury (Dharmapala, 2014). The coal is then sold back to the market at market pricing through Coaltrade. According to Coaltrade's financial report, the company made more money than Adaro did. Suspicions are raised by the financial report that coal mine owner PT. Adaro consistently reports meager earnings. It is stated that PT Adaro employs the reselling approach in a transfer pricing procedure. Products are sold by PT Adaro to affiliates that are linked parties in Singapore.

Additionally, one of the issues with transfer pricing transactions in Indonesia is PT Garuda Indonesia, Tbk (GIAA), which in the financial statements for 2018 reported a net profit of $809,000. Notwithstanding the $216.58 million loss in the 2017 financial report due to the expansion of PT Mahata Aero Teknologi's revenue stream. For this transaction, there were no cash payments made in 2018. Due to this issue, PT Garuda Indonesia, Tbk (GIAA) was required to pay more VAT and PPh than it ought to have. The statement in the 2018 financial report was also contested by two commissioners, who felt that it was unclear and deceptive (www.cnnindonesia.com).

Many factors underlie the use of transfer pricing policies for corporate tax planning purposes. Research by Bartelsman & Beetsma (2003), Davies et al., (2018) states that These variables, which include foreign ownership and exchange rates, can originate from both the internal and external corporate environments. Exchange rates have an impact on a business's decision to use transfer pricing. The usage of many currencies in the cash flows of multinational corporations, each of which has a variable value in relation to the dollar, means that exchange rates and international trade are tightly intertwined. These different exchange rates will influence transfer pricing practices in multinational companies later. Different exchange rates influence the transfer pricing practices of multinational companies. Therefore, in an effort to optimize total business profitability, multinational corporations may aim to lower foreign exchange risk by using transfer pricing to move capital to stronger currencies.

Meanwhile, from research by Chan, Landry, and Jalbert (2004), Exchange rates could influence a business's choice to employ transfer pricing. The value at which the currencies of two countries are exchanged in order to make payments both now and in the future is known as the exchange rate. Multinational corporations try to reduce their risk of currency swings by transferring funds through transfer pricing to a currency with a strong exchange rate.

From research by Ayshinta, et al., (2019), another thing that can influence a company's decision to carry out transfer pricing is the difference in exchange rates between countries. Other research from Widiana and Wangkar (2021) exchange rates are closely related to international trade, because multinational companies' cash flows are denominated in several currencies where the currency value relative to the dollar value will be different along with differences in fluctuation times.

In the other side, research by Barnhart & Rosenstein (1998) states that leverage is an external corporate governance mechanism that functions to carry out supervisory activities. Supervision activities occur because leveraged companies have more obligations that must be met by creditors' information needs. The mechanisms that arise due to leverage create limited opportunities for companies to carry out transfer pricing. Herdinata (2014) also found that leverage is used as a control mechanism in agency conflicts, so that it can reduce the burden on management of the tendency to carry out transfer pricing.

As for researchers Ardyansah and Zulaikha (2014) Leverage is used by management to obtain funding sources for the company. Apart from that, leverage also functions as a monitoring mechanism for managers' actions in managing the company. Usually companies with high levels of leverage will explain information in detail in financial reports as a way to avoid monitoring costs by creditors compared to companies with low levels of leverage.

According to research from Pohan (2019), Transfer pricing has two applications: intracompany, which occurs between divisions inside a company, and intercompany, which occurs between two companies that have a specific relationship. Transfer pricing is a component of both local and international intercompany transactions. Transfer prices for goods or services between a group of businesses or divisions within a business that share the same sovereign area are referred to as domestic transfer pricing. Multinational price transfers, on the other hand, are exchanges that occur between legal entities within an economic unit or between legal entities that span different domains of state sovereignty.

These intangible assets may have an impact on how transfer prices are determined when a corporation transfers costs to its subsidiaries. Because enterprises with significant intangible assets will be the focus of government attention, intangible assets have an impact on transfer pricing. The government's attention on the amount of tax paid by businesses on big intangible assets could result in additional burdens for these businesses. As a result, businesses are attempting to enhance their transfer pricing practices by moving intangible assets to their owner's foreign businesses. This is in line with research by Novira et al. (2020).

From research by Yuniasih et al. (2012) found that because listed businesses are required to send dividends to parent companies and other minority shareholders, related party transactions are more frequently employed for wealth transfer reasons than dividend payments. It follows that the dominant shareholder will employ strategies that maximize profits at the expense of minority shareholders' rights. Transfer pricing is one method (Pramana, 2014)

As for research from Aharony et al., (2010) The act of shifting business assets and income so that dominant owners can control minority shareholders is known as "tunneling." The company's cash and other current assets are transferred out through sales or purchases from linked parties, while the controlling shareholders set inflated prices. The tunneling method is the purchase of goods or services over fair value and the sale of goods or services below fair value.

The debate about the influence of Transfer Pricing decisions on companies, the benefits of Transfer Pricing itself and the existence of a research gap from the results of previous research regarding the factors that influence Transfer Pricing Decisions on Companies. The population that will be used in this research is Manufacturing Companies listed on the 2019-2021 BEI. Based on this explanation, the title of this research is "The Influence of Exchange Rates, Leverage, Intangible Assets and Tunneling Incentives on Companies' Decisions to Conduct Transfer Pricing" (Empirical Study of Manufacturing Companies Listed on the BEI 2019-2021).

METHOD

This study used a quantitative method of hypothesis testing as its research design. An empirical study was conducted to investigate the impact of tunneling incentives, leverage, intangible assets, and currency rates on transfer pricing decisions made by manufacturing companies listed on the Indonesia Stock currency between 2019 and 2021. Secondary data for this study came from the official websites of each company and the Indonesia Stock Exchange website, www.idx.co.id. The annual financial reports of Manufacturing Companies listed on the Indonesia Stock Exchange for the years 2019–2021 provided the data used in this study. The documentation approach was employed by the author in this study to gather data. The official websites of the Company and IDX (www.idx.co.id) served as the intermediary medium employed in this study to gather secondary data. Manufacturing companies are the research population. The purposive sampling approach, which is sampling based on objectives by establishing particular criteria—those that meet are the research samples—is the sampling methodology utilized in this study. The sample selection criteria in this study are:

1. Manufacturing Companies listed on the Indonesia Stock Exchange in 2019-2021.
2. Manufacturing companies that submit their financial reports for the 2019-2021 period which can be accessed via the company website or the IDX website.
3. Manufacturing companies that publish complete financial reports in rupiah.
4. Companies that have annual reports with complete information required in this research relating to Exchange Rates, Leverage, Intangible Assets, Tunneling Incentives and Transfer Pricing Decisions.

RESULTS AND DISCUSSION

Descriptive Statistics

Descriptive statistical tests in this research were carried out to obtain a general description of the data in the form of minimum, maximum, variance, mean and standard deviation values. The results of descriptive statistics are as follows:

Table 1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
EXCHANGE RATE	99	-1.74	.70	-.0463	.28560
LEVERAGE	99	.12	.95	.4714	.18355
INTANGIBLE ASSETS	99	18.08	31.79	24.9654	2.47919
TUNNELING ICENTIVE	99	.24	.98	.5378	.18064
TRANSFER PRICING	99	.0006	.98	.2289	.29035
Valid N (listwise)	99				

Data source: Author, 2024

The table above presents the following data:

1. The Independent Variable Exchange Rate with a proxy for foreign exchange profit/loss divided by profit/loss before tax has a minimum value of -1.74 which comes from PT Sekar Bumi Tbk in 2020. This means that from 99 research data, PT Sekar Bumi Tbk in

2020 has lowest exchange rate. The maximum value was 0.70 which came from PT Ricky Putra Global Indo Tbk in 2019, meaning that out of 99 research data, PT Ricky Putra Global Indo in 2019 had the highest exchange rate. The average value of this variable is -0.0463 with a standard deviation value of 0.28560. The average value which is lower than the standard deviation value indicates that the exchange rate tends to be low.

2. The Independent Variable Leverage as a proxy for total liabilities divided by total assets, has a minimum value of 0.12 which comes from PT Central Proteina Prima Tbk in 2019, meaning that out of 99 research data, PT Central Proteina Prima Tbk has the lowest value. The maximum value of 0.95 came from PT Ekadharma Internasional Tbk in 2019, meaning that out of 99 research data, PT Ekadharma Internasional Tbk had the highest value. The average value of this variable is 0.4714 with a standard deviation value of 0.18355. The average value which is higher than the standard deviation value indicates that leverage tends to be higher.
3. The Independent Variable Intangible Assets with the Natural Log proxy has a minimum value of 18.08 which comes from PT Ricky Putra Globalindo Tbk in 2021, meaning that of the 99 research data taken, PT Ricky Putra Globalinod Tbk has the lowest value. The maximum value of 31.79 came from PT Astra International Tbk in 2019, meaning from 99 research data taken. PT Astra International has the highest score. The average value of this variable is 24.9654 with a standard deviation value of 2.47919. The average value which is higher than the standard deviation value indicates that intangible assets tend to be higher.
4. The Independent Variable Tunneling Incentive with a proxy for the largest number of share ownership divided by the number of outstanding shares has a minimum value of 0.24 which comes from PT Central Proteina Prima Tbk in 2019, meaning that from the 99 research data taken, PT Central Proteina Prima Tbk has the highest value. Low. The maximum value of 0.98 comes from PT Solusi Bangun Indonesia Tbk in 2020, meaning that of the 99 research data taken, PT Solusi Bangun Indonesia Tbk has the highest value. The average value of this variable is 0.5378 with a standard deviation value of 0.18064. The average value is higher than the standard deviation value, indicating that tunneling incentives tend to be high.
5. The Dependent Variable Transfer Pricing with a proxy for total receivables from related parties divided by total receivables has a minimum value of 0.0006 which comes from PT Charoen Pokphand Indonesia Tbk in 2019, meaning that out of 99 research data taken by PT Charoen Pokphand Indonesia Tbk it has the lowest value. The maximum value of 0.98 came from PT Surya Toto Indonesia Tbk in 2020, meaning that out of 99 studies taken by PT Surya Toto Indonesia Tbk it had the highest value. The average value of this variable is 0.2289 with a standard deviation value of 0.29035. The average value is lower than the standard deviation value indicating that Transfer Pricing tends to be lower.

Classic Assumption Test

1. Normality Test

   The central limit test (CLT), which is used in this study's normality test, indicates that data findings are closer to normal if a sufficient amount of data is observed (n > 30) (Gujarati, 2006). The fact that there are 99 n in this study, a quantity more than 30 indicates that the study's data are regularly distributed. The data is not regularly distributed, as indicated by the Kolmogrov-Smimov normality test, which is based on the assumption that the total significance is less than 0.05.
2. Multicollinearity Test

   This research conducted a multicollinearity test using SPSS 21. The measuring instrument is the VIF (Value Inflation Factor) and Tolerance values. Following are the results of the Multicollinearity Test:

Table 2 Multicollinearity Test

Variabel	Tolerance	VIF	Explanation
Exchange Rate	.968	1.033	Multicollinearity Free
Leverage	.928	1.078	Multicollinearity Free
Intangible Assets	.972	1.029	Multicollinearity Free
Tunneling Icentive	.922	1.084	Multicollinearity Free

Source: Secondary Data 2024

As can be seen from the above table, every independent variable had a VIF value less than 10 and a tolerance value greater than 0.10. Based on the research data, it can be inferred that there is no deviation from the linear relationship between the independent variables in the regression model, i.e., this study is free of multicollinearity.

3. Heteroscedasticity Test

This research conducted the Spearman Rho Rank Heteroscedasticity Test using SPSS 21. Following are the results of the Heterscedasticity Test.

Table 3 Heteroscedasticity Test

VARIABEL	p-value	Explanation
EXCHANGE RATE	0,508	Heteroskedasticity does not occur
LEVERAGE	0,682	Heteroskedasticity does not occur
INTANGIBLE ASSETS	0,349	Heteroskedasticity does not occur
TUNNELING ICENTIVE	0.902	Heteroskedasticity does not occur

Source: Secondary data processed in 2024

All of the independent variables achieved Sig values, as can be seen in the above table. The Heteroscedacity Test was passed by this study since the 2-tailed is more than 0.05.

4. Autocorrelation Test

This research conducted an Autocorrelation Test using SPSS 21 Durbin-Watson test (DW Test), the results of the Durbin Waston test, are as follows:

Table 4 Autocorrelation Test

Lower Limit	Durbin-Watson	Upper Limit	Explanation
-2	1,757	+2	Autocorrelation Free

Source: Secondary Data, 2024

Since -2 < 1.757 < 2, the data in this study passed the autocorrelation test, as indicated by the Durbin-Watson value of 1.757 in the above table.

5. Multiple Linear Regression Test

Table 5 Multiple Linear Regression Test

VARIABEL	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.703	.325		-2.162	.033
EXCHANGE RATE	.155	.099	.153	1.570	.120
LEVERAGE	.495	.157	.313	3.147	.002
INTANGIBLE ASSETS	.024	.011	.206	2.121	.037
TUNNELING ICENTIVE	.192	.160	.119	1.198	.234

Data source: Secondary data 2024

The test results of the multiple linear regression model above show the following regression equation:

TP = -0,703 + 0,155NT + 0,495LEV + 0,024ATB+ 0,192TI +e

The statement above has the meaning:

a. The constant value (a) has a negative value - 0.703, which indicates that if the exchange rate, leverage, intangible assets and tunneling incentives are 0 then Transfer Pricing tends to decrease by 70.3%.
b. The Exchange Rate variable is 0.155 and has a positive value, meaning that if the exchange rate variable increases by 1 unit, the dependent variable, namely transfer pricing, will also experience an increase of 0.155%. On the other hand, if the exchange rate decreases by 1 unit, the transfer pricing value will also decrease by 0.155%.
c. The Leverage variable is 0.495 and has a positive value, meaning that if the leverage variable increases by 1 unit, the dependent variable, namely transfer pricing, will also experience an increase of 0.495%. On the other hand, if the leverage value decreases by 1 unit, then the transfer pricing value will also decrease by 0.495%.
d. The Intangible Asset variable of 0.024 has a positive value, meaning that if the intangible asset variable increases by 1 unit, the dependent variable, namely transfer pricing, also increases. On the other hand, if the value of intangible assets decreases by 1 unit, then the transfer pricing value will also decrease by 0.024%.
e. The tunneling incentive variable of 0.192 has a positive value, meaning that if the tunneling incentive variable increases by 1 unit, the dependent variable, namely transfer pricing, also increases. On the other hand, if the tunneling icentive value decreases by 1 unit, then the transfer pricing value will also decrease by 0.192%.

Hypothesis Testing

1. Coefficient of Determination Test (R2)

The first hypothesis test is the R2 test, the purpose of this test is to measure how far the independent variable is able to explain the dependent variable. The Determination Coefficient (R2) in this study uses Adjusted R Square because it has more than 2 independent variables. The Determination Coefficient has a value between 0 and 1, the relatively smaller the R2 value means the smaller or more limited the ability of the independent variable to explain variations in the dependent variable. Nearly all of the information required to predict fluctuations in the dependent variable is provided by the independent variables if the R2 value is near 1. The table below displays the results of the R2 test:

Table 6 Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.372a	.139	.102	.27517

Source: Secondary data processed, 2024

The above table's R2 test results indicate that the Adjusted R Square value is 0.102. According to this interpretation, the exchange rate, leverage, intangible assets, and tunneling incentives variables can account for 10.2% of the transfer price variable's explanation, with other variables not covered in this study accounting for the other 89.8%.

2. Stimulant Significance Test (F Test)

The F test is used to be included in the model together to have an influence on the related variables or in other words the model is fit or not. If the probability value is <0.05, it means that there is a jointly significant influence between the independent variables on the dependent variable. On the other hand, if the significance value is > 0.05, it means that there is no joint significant influence between the independent variables on the dependent variable. Following are the results of the F Test :

Tabel 7 Uji F

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.144	4	.286	3.778	.007b
	Residual	7.118	94	.076		
	Total	8.262	98			

Source: Secondary data processed, 2024

It can be seen from the table above that the F test obtained a significance value of 0.007 where this value is smaller than the alpha error level (0.05) so it can be concluded that the variables Exchange Rate, Leverage, Intangible Assets and Tunneling Incentive together have a significant influence on Transfers Pricing.

3. Partial Test (T Test)

The T test is used to determine the effect of each independent variable (exchange rate, leverage, intangible assets, and tunneling incentives) on the dependent variable (transfer pricing). The results of the t test in the SPSS 21 output can be seen in the Coefficients column, if the calculated t value is greater than >1.661 (t table) and the p-value in the sig column is < (0.05) level of significance then it means that there is an influence between the independent variables with the dependent variable or Ha, it is accepted, on the other hand, if the calculated t value is smaller than <1.661(t table) and the p-value in the sig column is > (0.05) level of significance then this means that there is no influence between the independent variable and the dependent variable or H_a.

Tabel 8 Uji T

Variabel	t	Sig.	Explanation
EXCHANGE RATE	1.570	.120	H_1 rejected
LEVERAGE	3.147	.002	H_2 accepted
INTANGIBLE ASSETS	2.121	.037	H_3 accepted
TUNNELING ICENTIVE	1.198	.234	H_4 rejected

Source: Secondary data, 2024

Based on the T Test in the table above it can be explained as follows:

a. Hypothesis 1

The exchange rate has no bearing on transfer pricing, according to the first hypothesis in this study. The exchange rate variable has a t value smaller than the t table, 1.570 < 1.661, and a sig greater than the level of significance, 0.120 > 0.05, according to the preceding table. The test findings indicate that H1 is rejected, indicating that transfer pricing is unaffected by exchange rates.

b. Hypothesis 2

This study's second hypothesis is that leverage affects transfer price. The leverage variable has a t value larger than the calculated t, 3.147 > 1.661, and a sig value below the level of significance, 0.002 < 0.05, according to the preceding table. It can be inferred from the test findings that leverage affects transfer pricing or that H2 is acceptable.

c. Hypothesis 3

This study's third hypothesis is that transfer pricing is impacted by intangible assets. The Intangible Asset variable, as shown in the above table, has a t value of 2.121 > 1.661, which is larger than the calculated t, and a sig value of 0.037 < 0.05, which is less than the level of significance. It is evident from the test findings that H2 is acceptable or that intangible assets do affect transfer pricing.

d. Hypothesis 4

The idea that tunneling incentives have no bearing on transfer pricing is the fourth hypothesis tested in this study. According to the preceding table, the tunneling incentive variable has a sig more than the level of significance (0.234 > 0.05) and a t

value smaller than the t table (1.198 < 1.661). The test results indicate that either H1 is rejected or that tunneling incentives have no bearing on transfer pricing.

Discussion

The Influence of Exchange Rates on Transfer Pricing

The exchange rate has no bearing on transfer pricing, according to the first hypothesis in this study. The exchange rate variable has a t value smaller than the t table, 1.570 < 1.661, and a sig greater than the level of significance, 0.120 > 0.05, according to the preceding table. The test findings indicate that H1 is rejected, indicating that transfer pricing is unaffected by exchange rates.

A company will choose to use an accounting method that suits the company to reduce the exchange rate used or to ensure consistency in use so that the value of the product remains the same. This research is unable to prove that the exchange rate has a significant effect on transfer pricing. The greater the exchange rate does not influence a company to carry out transfer pricing because the company has other matters related to the company which will be taken into consideration when preparing its financial reports.

The results of this research support research conducted by Divinia Mayzura (2021) which states that the company's exchange rate does not have a significant influence on transfer pricing. This contradicts research by Novia Christina (2021) and Nisa Apriani (2020) which states that there is a positive influence of the company's exchange rate on transfer pricing.

The Influence of Leverage on Transfer Pricing

This study's second hypothesis is that leverage affects transfer price. The leverage variable has a t value larger than the calculated t, 3.147 > 1.661, and a sig value below the level of significance, 0.002 < 0.05, according to the preceding table. It can be inferred from the test findings that leverage affects transfer pricing or that H2 is acceptable.

This can be explained by the fact that the higher a company's leverage, the stricter creditors will monitor the company so that it does not overstate profits and carry out transfer pricing in its financial reports. This supervision is a normal thing for creditors to do to protect the company's funds and actions in the future, because if the company does this it can reduce the accuracy of creditors and other parties in making decisions.

The results of this research are in accordance with the results of research conducted by Aulia Arie (2023), Divinia Mayzura (2021) and Nisa Apriani (2020) which stated that leverage has an effect on transfer pricing. Meanwhile, Cledy, Helti, and Muhammad Nuryatno Amin (2020) stated the opposite that leverage has no effect on transfer pricing.

The Influence of Intangible Assets on Transfer Pricing

This study's third hypothesis is that transfer pricing is impacted by intangible assets. The Intangible Asset variable, as shown in the above table, has a t value of 2.121 > 1.661, which is larger than the calculated t, and a sig value of 0.037 < 0.05, which is less than the level of significance. It is evident from the test findings that H2 is acceptable or that intangible assets do affect transfer pricing.

Intangible assets have an influence on transfer pricing, which can be caused by the way the company recognizes the value of the intangible assets it owns, the valuation method used to value intangible assets can also affect transfer pricing if the company uses different valuation methods to value intangible assets between entities. In other companies can cause differences.

This research is in accordance with research conducted by Nisa Apriani (2020) which states that intangible assets have an influence on transfer pricing, while research by Yuliani

Fadillah (2023) has the opposite opinion that intangible assets have no influence on transfer pricing.

The Effect of Tunneling Incentives on Transfer Pricing

The idea that tunneling incentives have no bearing on transfer pricing is the fourth hypothesis tested in this study. According to the preceding table, the tunneling incentive variable has a sig more than the level of significance (0.234 > 0.05) and a t value smaller than the t table (1.198 < 1.661). The test results indicate that either H1 is rejected or that tunneling incentives have no bearing on transfer pricing.

Tunneling Incentive has no effect on transfer pricing in determining transfer pricing. Companies use objective assessment methods related to market value to determine inter-company transaction prices. This minimizes the risk of misuse of tunneling incentives in determining transfer pricing because transaction values are based on reliable market data..

This study supports the findings of Nisa Apriani (2020) and Dirvi Surya (2020), who found no evidence of a relationship between tunneling incentives and transfer pricing. In contrast, Niswah Baroroh (2021) found evidence of a relationship between tunneling incentives and transfer pricing.

CONCLUSION

The purpose of this study is to gather data regarding the impact of leverage, intangible assets, currency rates, and tunneling incentives on the decisions made by manufacturing businesses listed on the Indonesia Stock currency between 2019 and 2021 regarding transfer pricing. Drawing conclusions from the research findings presented in the preceding chapter, it can be inferred that:

1. The Exchange Rate has no effect on Transfer Pricing. Based on the test results, it shows that H1 is rejected or it can be concluded that the exchange rate has no effect on transfer pricing.
2. Leverage affects transfer pricing. Based on the test results, it shows that H2 is accepted or it can be concluded that leverage has an effect on transfer pricing.
3. Intangible Assets affect transfer pricing. Based on the test results, it shows that H2 is accepted or it can be concluded that intangible assets have an effect on transfer pricing.
4. Tunneling Incentive has no effect on Transfer Pricing. Based on the test results, it shows that H1 is rejected or it can be concluded that tunneling incentives have no effect on transfer pricing.

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