THE INFLUENCE OF TAX PLANNING, TUNNELING INCENTIVE, INTANGIBLE ASSET, AND PROFITABILITY ON TRANSFER PRICING DECISIONS IN MULTINATIONAL FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

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Abstract

This study is aimed to examine the influence of tax planning, tunneling incentive, intangible asset, and profitability on transfer pricing decisions. This study tested the hypotheses in food and beverage companies listed in Indonesia Stock Exchange (IDX) from 2016 to 2020. By using the purposive sampling technique, 12 out of 33 companies in the food and beverage sector were taken as a sample with a total of 60 data observations. The data was then analyzed through multiple linear regression analysis. The results of this study revealed that all independent variables simultaneously affect the dependent variable. Partially, the finding of tax planning and tunneling incentive has a positive effect but not significant on transfer pricing. However, intangible asset and profitability has a positive and significant effect on transfer pricing, means that intangible asset and profitability is engaged on transfer pricing decisions of food and beverage companies listed in Indonesia Stock Exchange (IDX).

Keywords: Tax Planning, Tunneling Incentive, Intangible Asset, Profitability, Transfer Pricing, Food And Beverage Companies.

1. PENDAHULUAN

Transfer pricing is the company's policy in determining the transfer price of transactions for goods, services, intangible assets or financial transactions carried out by the company to related parties (Suandy, 2016:77). Transfer Pricing is legally activity, Company used transfer pricing to achieve objectives of maximizing global profits by minimizing tax payments (Amidu et al., 2019). Transfer pricing policy is abused when an organization tries to either buy or sell the products or services with excessive price to a related company because the two businesses have separate tax jurisdictions (Cristea and Nguyen, 2016). Costs are shifted to companies in high tax countries, while profits are transferred to companies in low-tax countries (Henn, 2013).

Transfer pricing is an action caused by a special relationship that occurs between taxpayers in goods and services transactions. This is as regulated to Indonesian Law No. 36 of 2008 article 18 paragraph (4) which regulates the ownership of shares owned by entities over other entities as much as 25% or more of the shares owned can be said to be a special relationship between corporate taxpayers. Transactions between parties that have a special relationship can cause a transfer of resources, income, tax base or to manipulate the amount of fees made by taxpayers as well as tax avoidance between parties who have a special relationship or commonly referred to as transfer pricing.

Transfer pricing is a scheme that can be carried out in tax planning, Transfer Pricing is used to minimize the amount of tax payable that must be paid (Yair et al., 2014). This is supported by a study of Noviastika et al. (2016) found that taxes have a significant effect on transfer pricing. Tax planning is a legal activity to plan taxes to be paid so that there is no excess in paying taxes Tax planning is the first step in tax management. Tax management is intended as the management of the company so that the obligation to pay taxes can be carried out correctly and to minimize the amount of tax and then maximize the profits of a company. Companies use transfer pricing to minimize
their tax payments by transferring their tax obligations from countries that have high tax rates to countries that apply low tax rates.

Besides Tax Planning, The Tunneling Incentive has an impact on transfer pricing as well. The controlling shareholder uses a tunneling incentive to acquire a private benefit, such as the transfer of resources out of the company for the benefit of the controlling shareholder (Hartati et al., 2015). The transfer of resources can be done through transfer pricing, asset sales, and lending. “The company conducts this tunneling with the aim of minimizing transaction costs. By doing tunneling to parties who have a special relationship, costs can be reduced so that it is more economical compared to those who do not have a special relationship” (Marfuah & Azizah, 2014).

Another, Intangible assets also affect the transfer pricing. A study conducted by Arif et al. (2018) found that intangible assets have a significant effect on transfer pricing. The difficulty of measuring intangible assets causes companies to have strategies to move intangible assets. Intangible assets owned by companies such as royalty payments can be transferred from a company located in a country with a high tax rate to an affiliated company located in a country with a low tax rate. The higher the intangible assets, the higher the company will be motivated in doing transfer pricing.

Transfer pricing may also be influenced by profitability. Profitability is a measurement of a company's performance that is used to describe a company's ability to generate profits from its sales or operations, balance sheet assets, or shareholders' equity. Profitability is an indicator of the performance of the management in managing the company's wealth which is indicated by the profit generated, the lower the profitability of a company, then the higher the possibility the company carries out transfer pricing practices to maximize the profit. (Sari and Mubarak, 2018). One of the ratios contained in the profitability ratio is Return on Assets (ROA) (Sari and Mubarak, 2018). ROA is useful for measuring the effectiveness of the company in utilizing all its resources. “ROA describes management's ability to earn profits. The higher the ROA, the higher the company's profits so that the better the management of company assets.”

Transfer Pricing also occurred on PT Coca-Cola Indonesia (CCI). PT Coca Cola Indonesia (CCI) manipulated tax payments resulting in a loss of payments of Rp 49.24 billion. The Directorate General of Taxes Ministry of Finance found that there were large cost overruns in 2002, 2003, 2004, and 2006. The large expense caused the taxable income to decrease, so that the tax payment was reduced (Kompas.com).

The study about Tax Planning, Tunneling Incentive, Intangible Assets, Profitability and Transfer Pricing has mixed results. A study conducted by Noviastika et al. (2016) showed a significant and positive effect between transfer pricing, Taxes, Tunneling Incentive, and Good Corporate Governance of multinational companies listed in the Indonesia Stock Exchange. This finding related with study of Murtanto and Bonita (2021); Cindy and Novyarni (2020). They found that Taxes positively affected the transfer pricing decision of manufacturing companies in Indonesia. However, Darma et al. (2020); Hidayat et al. (2019); Khotimah et al. (2018); Susanti et al. (2018) revealed that taxes have a negative effect on transfer pricing.

Furthermore, According to Alfin et al. (2018) tunnelling incentives have a positive effect on decisions transfer pricing. Meanwhile, Wijaya & Amalia (2020); Khotimah (2018); Saifudin et al. (2018) revealed that tunneling incentives have no effect on transfer pricing. Another, a study conducted by Eling and Abdullah (2018) asserted that profitability positively affects the company's decision to practice transfer pricing. However, A study conducted by Deanti et al. (2018) found that profitability has a negative effect on transfer pricing. Based on the inconsistency of the previous studies' results, the author feels it is needed to test back the factors which can influence transfer pricing decisions. The factors chosen in this study are tax planning, tunneling incentive, intangible asset and profitability. The reason behind using these factors is because these factors have been extensively researched in multinational companies and food and beverage companies to determine transfer pricing decisions. The Reason of choosing food and beverage companies is transfer pricing often occurs in multinational companies on food and beverage sectors that have
overseas subsidiaries, and also manufacturing sector is the largest contributor to national GDP and provide highest contribution as a tax depositor. This study used a sample of food and beverage sub-sector of manufacturing companies listed on the Indonesia stock exchange for the period 2016-2020.

Based on previous studies and phenomena discussed above, the author is motivated to conduct an empirical study entitled “The Influence of Tax Planning, Tunneling Incentive, Intangible Assets and Profitability on Transfer Pricing Decisions in Multinational Food and Beverage Companies Sub-Sector Listed on The Indonesia Stock Exchange”.

2. LITERATURE REVIEW

Tax Planning

Tax is a significant cost for corporations. Tax Planning is an action to decrease the tax expenses within the scope of the law, which is legal and acceptable within the framework by the agencies (Razali et al. 2019). Tax planning has been identified as the best option, within legal guidelines, to reduce the tax burden. Therefore, tax planning is aimed to eliminate, reduce, minimize, or defer income tax.

Tax planning is one of the functions of a tax management. Tax management is defined as a process of planning, organizing, directing, and controlling the use of resources to achieve company performance goals. Meanwhile, tax management is a comprehensive effort made by a tax manager in a company or organization so that it can be managed properly, efficiently, and economically so that it can provide maximum contribution to the company (Clarasati, 2019). Tax management can be done to reduce the amount of tax payment, which could be a legal or illegal way. Tax Planning is a form of tax management authorized by the law. In order to reduce a company’s tax payment, management seeks to reduce tax expenses to get the lower the Effective Tax Rate (ETR) of a company (Bimo et al., 2019).

In tax planning there are 3 ways that taxpayers can do to reduce the amount of their tax burden, namely:

1) Tax avoidance is a term used to describe the tax payer's affairs legal arrangements to minimize the tax payments. It is often applied to pejorative overtones; for example, it is used to describe avoidance achieved by artificial personal or business affair arrangements to take advantage of loopholes, inconsistencies, irregularities, or other tax law imbalances. Legislation intended to combat evasion has become more common place and frequently includes highly nuanced regulations.

2) Tax Evasion is an attempt by taxpayers to avoid taxes illegally by hiding the real situation. This method is not safe for a taxpayer, because the methods and techniques used are not within the scope of tax laws and regulations. The method taken has a high risk and will potentially be subject to sanctions for violations of law/fiscal crimes, or criminal acts. Therefore, a good tax planner this way is not recommended. Tax evasion is the opposite of Tax avoidance.

3) Tax savings are efforts to reduce the amount of tax debt that is not included in the scope of taxation. Tax Saving is an effort to increase the efficiency of the tax burden through the selection of alternative tax impositions with lower rates. For example, a company that has taxable income of more than IDR 100 million can convert it as a kind of gift to employees into cash benefits.

Tunneling Incentive

Tunneling incentive is an activity carried out by the majority shareholder to transfer company assets and profits, but the minority shareholder bears the cost (Hidayat et al., 2019). Investments of 20% or more of a company's capital are considered to have a significant impact on other companies, either directly or indirectly through regulations (PSAK 15, 2017).

According to Brundy et al. (2016) “Tunneling incentive appears in two forms. First, the majority shareholder can move wealth from the subsidiary company to himself through transactions between companies and the majority shareholders of the company. The transaction can be carried out with asset sales, excessive contract compensation for executive compensation, lending, and others. The second form is that majority shareholders can increase their share of the company without transferring assets by issuing shares or interacting in other financial transactions that result in losses for minority shareholders” (Brundy et al., 2016).
Intangible Assets

PSAK 19 (IAI, 2019) defines an intangible asset as an asset with no physical form and has a long economic life that is useful in its operating activities. Intangible assets that are useful for increasing the income obtained from the sale of goods or services, saving costs or efficiency, and other results such as income from leasing, licensing, or other uses obtained from the use of intangible assets (Hasan et al., 2018)

Multinational companies will strategically reallocate their intangible assets to business units located in countries with low tax rates, and one example is receiving royalty payments from affiliated companies located in countries with high tax rates (Dudar et al., 2016).

Profitability

According to Anisyah (2018), profitability is measures of a company's performance that describes a company's ability to generate profits during a specific period at a specific level of sales, assets, and share capital. The greater the profit desired by the majority shareholder, the more willing shareholders are to involved through transfer pricing by relocating company profits to countries with lower tax rates. This seeks to reduce the tax expense that should be paid when the company's profit is high, thus also keeping the total net profit after tax high (Baroroh et al., 2021).

Theoretical Framework

Based on the conclusion and the results from previous studies, as well as according to the research objectives mentioned earlier, the theoretical framework is:

![Figure 1 Theoretical Framework](image-url)

3. RESEARCH METHODOLOGY

Research Design

The purpose of this study is to analyze the Influence of Tax Planning, Tunneling Incentive, Intangible Assets and Profitability on Transfer Pricing Decisions in Multinational Food and Beverage Companies Listed on The Indonesia Stock Exchange (IDX). The research is design as the quantitative descriptive research. Moreover, the data collection technique used purposive sampling and then analyzed through multiple linear regression analysis.

Population and Sample

The population in this research are Food and Beverage companies listed on IDX during 2016-2020, which were 12 companies. From 33 food and beverage companies, 12 companies were selected as sample because only those companies published the information or data that needed in the research. Thus, The total number of sample is 60 data observations.

| No | Criteria | Total |
|----|----------|-------|
| 1  | Food and Beverage Companies listed in IDX in 2016-2020 | 33 |
| 2  | Food and Beverage Companies published the financial statement during the years of study. | 20 |
| 3  | Food and Beverage Companies that presents complete variable data during the years of study. | 12 |
|    | The samples number that meet the criteria | 12 |
|    | Year of study | 5 years |
|    | The total number of sample observations | 60 |

Resource and Data Collection Technique

This study uses secondary or indirect data where the data is obtained through the financial statements of food and beverage companies listed on the IDX. This data was obtained from the company's financial statements published on the Indonesia Stock Exchange (IDX) website: www.idx.co.id.
Variables Operationalization

Table 3.2 Variables Operationalization

| Research Variables | Operational Definitions | Scale |
|--------------------|-------------------------|-------|
| Dependent Variable |                         |       |
| Transfer Pricing   | Related Party Transaction (Bezant and Chessara, 2009) | EPT = AR from Related Parties / Total AR | Ratio |
| Independent Variable | Effective Tax Rate (Zyng, et al., 2008) | ETR = Tax expense / Pretax Income | Ratio |
| Tax Planning       | Total Share Ownership (Yamash, 2012; Hanri, et al., 2013) | TUN = Largest Total Share Ownership / Number of shares outstanding | Ratio |
| Tunneling Incentive| Intangible Assets (Famour and Yanari, 2020) | Intangible Assets = Total Intangible Assets / Total Assets | Ratio |
| Intangibles        | Profitability           | Return on Assets (Devin, 2010; Sen and Mehrab, 2020) | ROA = Net Income / Total Asset | Ratio |

Method of Analysis and Hypotheses Testing Design

The analytical technique used in this research is descriptive statistics. Before testing the hypothesis, the classical assumption test will also be carried out in the form of normality test, multicollinearity test, and heteroscedasticity test. The hypothesis will be tested using multiple regression analysis. The multiple linear regression model of this study as follows:

\[ TP = \alpha + \beta_1 \text{TAX} + \beta_2 \text{TUN} + \beta_3 \text{INTANG} + \beta_4 \text{PROFIT} + \varepsilon \]

Description:

TP: Transfer Pricing.
\( \alpha \): Constant
\( \beta_1, \beta_2, \beta_3, \beta_4 \): Regression coefficients
TAX: Tax Planning
TUN: Tunneling Incentive
INTANG: Intangible Assets
PROFIT: Profitability
\( \varepsilon \): Error term

4. RESULT AND DISCUSSION

Research Result

Table 4.1 Descriptive Statistics

| Variable            | N   | Minimum | Maximum | Mean   | Std. Deviation |
|---------------------|-----|---------|---------|--------|---------------|
| Transfer Pricing    | 60  | .0003945| .84867  | .3506360| .2276330   |
| Tax Planning        | 60  | .0001505| .86562  | .3056862| .20629253  |
| Tunneling Incentive | 60  | .0002507| .91524  | .5651186| .25893880  |
| Intangible Asset    | 60  | .0000035| .80617  | .1155990| .22025972  |
| Profitability       | 60  | .0001140| .66794  | .1487536| .16422970  |

Table 4.2 Normality Test Result

One-Sample Kolmogorov-Smirnov Test

| N   | Mean       | Std. Deviation |
|-----|------------|---------------|
| 60  | .0000000   | .19843345     |

Most Ext. Differences

| Parameter | Absolute | Positive | Negative |
|-----------|----------|----------|----------|
| Kolmogorov-Smirnov | .084  | .084  | .070  |

Asymp. Sig. (2-tailed)

| Normal Parameters | Unstandardized Residual |
|-------------------|-------------------------|
| a. Test distribution is Normal. | .790 |
| b. Calculated from data. | .651 |

The result of the normality test is shown in Table 4.2. Based on Table 4.2, the significance value of the K-S is 0.790. Thus, it implies that the distribution of data is normal since the significance value K-S is greater than 0.05.

Table 4.3 Multicollinearity Test Results

| Model | Collinearity Statistics | Tolerance | VIF  |
|-------|-------------------------|-----------|------|
| 1     | Tax Planning            | .982      | 1.019|
|       | Tunneling Incentive     | .751      | 1.331|
|       | Intangible Asset        | .947      | 1.056|
|       | Profitability           | .779      | 1.284|

a. Dependent Variable: Transfer Pricing

Based on the result, the tolerance value of tax planning, tunneling incentive, intangible asset, profitability is 0.982, 0.751, 0.947, and 0.779. Then, the VIF value of tax planning, tunneling incentive, intangible asset, profitability is 1.019, 1.331, 1.056, and 1.284. It implies that there is no multicollinearity between each independent variable in this regression model since the tolerance value is higher than 0.10, and the VIF value is lower than 10.
Figure 4.1 Heteroscedasticity Test Result

Figure 4.1 shows that the spread of residual data is irregular as the dots spread over Y-axis and below the 0 without any clear pattern. Hence, in this regression model, there is no heteroscedasticity.

Table 4.4 Autocorrelation Test Result

The table shows the Durbin-Watson (d) value is 2.295. The DW value will be compared to the DW table value with the 5% of significant value and total sample (n) 60 and 4 variables (k). In the Durbin-Watson table, the upper limit score (dU) is 1.688, while the below-limited score (dL) is 1.479. Based on the calculation of dU < d < 4-dU (1.688 < 2.295 < 2.311). It means that it is free of autocorrelation among the variables.

Table 4.5 Hypotheses Testing Result

Table 4.5 shows the result of hypotheses for transfer pricing. Based on Table 4.5, multiple linear regression equation as follows:

\[ TP = 0.333 + 0.048\text{TAX} + 0.051\text{TUN} + 0.330\text{INTANG} + 0.427\text{PROFIT} + \varepsilon \]

According to regression equation, the constant value is 0.333. It means that if the tax planning, tunneling incentive, intangible asset and profitability equal to zero, then the value of transfer pricing is 0.333. The regression results are explained as follows:

1. If tax planning is increased by 1, then RPT as a proxy of transfer pricing of food and beverage companies will increase by 0.048 or vice versa. It implies that the higher the value of the tax planning, the higher the value of RPT. The higher the value of RPT indicates that the company is aggressive in transfer pricing.

2. If tunneling incentive is increased by 1, then RPT as a proxy of transfer pricing of food and beverage companies will increase by 0.051 or vice versa. It implies that the higher the value of the tunneling incentive, the higher the value of RPT. The higher the value of RPT indicates that the company is aggressive in transfer pricing.

3. If intangible asset is increased by 1, then RPT as a proxy of transfer pricing of food and beverage companies will increase by 0.330 or vice versa. It implies that the higher the value of the intangible asset, the higher the value of RPT. The higher the value of RPT indicates that the company is aggressive in transfer pricing.

4. If profitability is increased by 1, then RPT as a proxy of transfer pricing of food and beverage companies will increase by 0.427 or vice versa. It implies that the higher the value of the profitability, the higher the value of RPT. The higher the value of RPT indicates that the company is aggressive in transfer pricing.

Table 4.6 F-Statistical Test Result

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ANOVA

| Model | Sum of Squares | df | Mean Square | F | Sig |
|-------|---------------|----|-------------|---|-----|
| 1     | Regression    | 7.34 | 4 | 1.84 | 4.344 | .004 |
|       | Residual      | 2.923 | 55 | .042 |
|       | Total         | 3.673 | 59 |     |     |

a. Predictors: (Constant), Profitability, Intangible Asset, Tax Planning, Tunneling Incentive

b. Dependent Variable: Transfer Pricing
Result Discussion
The Effect of Tax Planning, Tunneling Incentive, Intangible Asset, and Profitability on Transfer Pricing

The first hypothesis of this study is “tax planning, tunneling incentive, intangible asset, and profitability simultaneously affect transfer pricing of food and beverage companies listed in Indonesian Stock Exchange.” Based on the result of the F-statistical test, as in Table 4.6, it shows that the F-count value of 4.344 is higher than the F-table value of 2.546. Therefore, independent variables of tax planning, tunneling incentive, intangible asset, and profitability simultaneously affect transfer pricing of food and beverage companies listed in Indonesian Stock Exchange (IDX). Hence, H1 is accepted.

The Effect of Tax Planning on Transfer Pricing

The second hypothesis of this study is “Tax Planning positively affect the company's decision to transfer pricing Multinational Food and Beverage Companies Sub-Sector listed on the Indonesia Stock Exchange (IDX)”. Based on the result of the t-statistical test, as in Table 4.5, tax planning has a t-value of 0.364, with a significance value of 0.717. It means that tax planning has a positive effect but not significant on transfer pricing. Thus, the result of the study does not supports the hypotheses. Therefore, the second hypothesis (H2) is rejected.

According to Noviastika et al. (2016), The higher a country's tax rate, the more likely a company will engage in transfer pricing in order to reduce the amount of tax burden it must pay to the government. Tax planning is carried out with the aim of minimizing the tax burden. However, this study shows that companies do not perform tax planning to carry out transfer pricing. Ratnasari et al. (2021) asserted that tax planning aims to reduce the tax burden is not only conducted through transfer pricing. Furthermore, tax planning can be accomplished through tax saving, in which companies can change employee benefits in kind (natura). Thus, it implies that tax planning do not affect transfer pricing of food and beverage companies listed in IDX year 2016-2020.

The result is contradictory with the study of Davies et al. (2016); Saraswati and Sujana (2017); Effendi et al. (2020) found that tax planning positively and significantly affected transfer pricing. However, this result is in line with the study conducted by Darma et al. (2020); Hidayat et al. (2019); Khotimah et al. (2018); Susanti et al. (2018) found that there is no significant effect between tax planning and transfer pricing. Therefore, H2 is rejected since the result of this study is contradictory with the hypothesis that has been developed.

The Effect of Tunneling Incentive on Transfer Pricing

The third hypothesis of this study is “tunneling Incentive positively affect the company's decision to transfer pricing Multinational Food and Beverage Companies Sub-Sector listed on the Indonesia Stock Exchange”. Based on the result of the t-statistical test, as in Table 4.5, tunneling incentive has a t-value of 0.431, with a significance value of 0.668. The significance value of tunneling incentive is more than 0.05 (5%). It implies that tunneling incentive has a positive effect but not significant on transfer pricing. Thus, the result of the study does not support the hypotheses. Therefore, the third hypothesis (H3) is rejected. It implies that the higher the percentage of the company's shareholder ownership (majority shareholders) does not encourage the company to carry out transfer pricing.

According to Hartati et al. (2017), “tunneling incentive is carried out by the controlling shareholder (majority shareholders) to acquire a private benefit, such as transfer of resources out of the company for the benefit of the controlling shareholder”. Koestaman et al. (2018) asserted that the higher the takeover of resources by the controlling shareholder, the lower dividends to be distributed. Therefore, it can cause a conflict between the controlling shareholder and minority shareholder. In which this conflict has an impact on the company's investment and operations. Therefore, it can be concluded that tunneling incentive does not affects transfer pricing decisions of food and beverage companies listed in IDX year 2016-2020.

The result is contradictory with the study of Brundy et al. (2016); Hidayat et al. (2019); Baroroh et al. (2021) found that tunneling incentive significantly influenced transfer pricing. However, this result is in line with the study conducted by Wijaya & Amalia (2020); Khotimah (2018); Saifudin et al. (2018) revealed that tunneling incentives have no effect on transfer pricing. Therefore, H3 is rejected since the
The result of this study is contradictive with the hypothesis that has been developed.

**The Effect of intangible assets on Transfer Pricing**

The fourth hypothesis of this study is “intangible assets positively affect the company's decision to transfer pricing multinational Food and Beverage companies Sub-Sector listed on the Indonesia Stock Exchange”. Based on the result of the t-statistical test, as in Table 4.5, intangible asset has a t-value of 2.641, with a significance value of 0.01. The significance value of transfer pricing is less than 0.05 (5%). It implies that intangible asset has a positive and significant effect on transfer pricing. Thus, the result of the study supports the hypotheses, Therefore, the fourth hypothesis (H4) is accepted.

A study conducted by Arif et al. (2018) found that intangible assets have a significant effect on transfer pricing. The company carries out transfer pricing by transferring intangible assets to companies in other countries that have special relationships. The difficulty of measuring intangible assets causes companies to have strategies to move intangible assets. Intangible assets owned by companies such as royalty payments can be transferred from a company located in a country with a high tax rate to an affiliated company located in a country with a low tax rate. The higher the intangible assets, the higher the company will be motivated in doing transfer pricing.

This result is in accordance with the existing studies of Hasan et al., 2018; Firmansyah and Yunidar (2020); Anggun et al. (2020). They found a positive effect between Intangible asset and transfer pricing. Thus, H4 is accepted since the result of this study is in line with the hypothesis that has been developed.

**The Effect of Profitability on Transfer Pricing**

The fifth hypothesis of this study is “Profitability positively affect the company's decision to transfer pricing multinational Food and Beverage companies sub-sector listed on the Indonesia Stock Exchange”. Based on the result of the t-statistical test, as in Table 4.5, Profitability has a value of t 2.312, with a significance level of 0.02. The significance value is lower than the significance level of 0.05 (5%). Therefore, it shows the profitability has a positive and significant effect on transfer pricing. Then the fifth hypothesis (H5) is accepted.

The finding shows that the larger the profitability of a company, then the higher the possibility the company carries out transfer pricing practices to maximize the profit. In the case of transfer pricing, companies that have more profits can adjust transfer prices to reduce tax payments. Thus, it implies that Profitability positively affects the transfer pricing of food and beverage companies listed in IDX.

This result is in accordance with the existing studies of Sari and Mubarak (2018); Eling and Abdullah (2018); Harahap et al. (2020) found a positive effect between profitability and transfer pricing. Thus, H5 is accepted since the result of this study is in line with the hypothesis that has been developed.

5. CONCLUSIONS, LIMITATIONS AND SUGGESTIONS

**Conclusion**

This study aims to identify the influence of tax planning, tunneling incentive, intangible assets and profitability on transfer pricing decisions in multinational Food and Beverage companies sub-sector listed on the Indonesia Stock Exchange over the financial reporting period 2016-2020. Based on the result and discussion of the research that has been discussed, it can be concluded that:

1. Tax planning, tunneling incentive, intangible assets, and profitability simultaneously affect transfer pricing of food and beverage companies listed in Indonesia Stock Exchange for the period 2016-2020.
2. Tax planning does not affect transfer pricing of food and beverage companies listed in Indonesia Stock Exchange for the period 2016-2020.
3. Tunneling incentive does not affect transfer pricing of food and beverage companies listed in Indonesia Stock Exchange for the period 2016-2020.
4. Intangible assets positively affects transfer pricing of food and beverage companies listed in Indonesia Stock Exchange for the period 2016-2020.
5. Profitability positively affects transfer pricing of food and beverage companies listed in Indonesia Stock Exchange for the period 2016-2020.
Limitation of The Research

This study has limitations to be considered for further research in order to achieve better future results, which have been described as follows:
1. This study only used food and beverage companies sector. Therefore, the result of this study cannot be used as a generalization to others companies, since it will give different results for each sector.
2. This study used four independent variables. Meanwhile, there are many other variables that may influence transfer pricing decisions.
3. This study used Related Party Transaction for measuring transfer pricing. Meanwhile, there is other proxies can be tested to measure transfer pricing.
4. This study used Effective Tax Rate (ETR) for measuring tax planning. Meanwhile, there are some other proxies can be tested to measure tax planning.
5. This research only used the data for five years. Meanwhile, the longer period will give more accurate results.

Suggestion for Future Research

Based on the results, discussion, conclusions and some limitations in this study, there are some suggestion that can be given in order to obtain the better results for further research. There is some suggestion for further research:
1. The study can be undertaken in several industries or broadened to obtain more representative data from the community, and the results can be used to all industries.
2. The research can be conducted by adding other independent variables that exist.
3. The study can be conducted over a longer period of time to produce more accurate and reliable results.

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