THE INFLUENCE OF TUNNELING INCENTIVES, BONUS MECHANISMS, AND MULTINATIONALITY ON TRANSFER PRICING WITH TAX MINIMIZATION AS A MODERATION VARIABLE

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ABSTRACT

Tax aggressiveness is an action that aims to reduce taxable profits through tax planning using either inclusive or does not include tax evasion. Company strategy that is not in line with society's expectations and this tax aggressiveness act is detrimental to the government because the government cannot optimize tax revenue. The population of this study includes all manufacturing companies in the food and beverages sub-sector listed on the Indonesia Stock Exchange (IDX) for the 2018-2021 period. The sampling technique used purposive sampling technique. Based on the predetermined criteria obtained 12 companies. The type of data used is secondary data obtained from the Indonesia Stock Exchange website. The analytical method used is panel data regression analysis. The results show that: (1) tunneling incentive has an effect on transfer pricing, (2) bonus mechanisms have no effect on transfer pricing (3) multinationality has an effect on transfer pricing (4) tax minimization can moderate tunneling incentive effect on transfer pricing (5) tax minimization can't moderate tax bonus mechanism effect on transfer pricing, (6) tax minimization can moderate multinationality effect on transfer pricing.

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INTRODUCTION

Tight business competition in the era of globalization makes companies try to maintain the continuity of their business, giving rise to different business patterns and business attitudes, one of which is trade or increasingly easier business relations between countries without recognizing national borders (Maulani, 2021). This will have an impact on multinational companies in the imposition of tax rates that apply in each country (Wijaya, 2021). These differences in tax rates give rise to business behavior called transfer pricing practices (Rezky, 2018).

Transfer pricing is a policy for determining the transfer price for a transaction of services, goods and intangible assets to parties with special relationships on a multinational scale or between countries (Ayuningtyas, 2020). Transfer pricing is often used by companies to reduce their tax burden by transferring their profits to companies with special relationships or to companies outside the country where the company operates (Wulandari, 2021). This phenomenon happened to the Starbucks company in 2011 which claimed to have experienced a loss, when it had sales of 1.7 trillion which were transferred from England to their branch in the Netherlands in the form of royalties (Datik.com). Another recent phenomenon was transfer pricing at PT Adaro in 2019, which transferred its profits to its company branch in Singapore, which caused losses to the state of 1.75 trillion (Wibowo, 2021).

Transfer pricing carried out by companies can maximize their profits by minimizing the tax burden that the company bears (Saputra, 2020). However, this transfer practice can be detrimental to countries that experience a decrease in the availability of funds for development originating from taxes (Wulandari, 2021). There are several factors that can influence transfer pricing, including tunneling incentives, bonus mechanisms, multinationality, and tax minimization.

The first factor that can influence transfer pricing is tunneling incentives. Tunneling incentives are activities carried out by majority shareholders who transfer company assets and profits for their own benefit, but the burden incurred is also borne by minority shareholders (Setiawan, 2021). A high tunneling incentive indicates that many assets and profits are transferred to branch companies or parties that have special relationships in countries with lower taxes, which is an indication of high transfer pricing practices (Maulani, 2021), this will be detrimental to countries with higher tax rates. big (Setiawan, 2021).

Another factor that can influence transfer pricing practices is the bonus mechanism. The bonus mechanism is a calculation of the amount of bonus given to the board of directors due to good performance (Sari, 2019). This bonus mechanism can lead to profit regulation by transferring profits from other company branches to increase profits in the company, this can increase transfer pricing. carried out by a company (Setiawan, 2021).

The next factor that can influence transfer pricing is multinationality. Multinationality is a company that operates in more than one country under the control of a certain party (Cristina, 2021). The existence of multinational companies or those located in various countries makes it easier for companies to carry out transfer pricing practices (Setyorini, 2022). Companies also usually set up branches in countries with lower tax rates than the country where the company operates (Setyorini, 2022).

The next factor that can influence transfer pricing is tax minimization. Tax minimization is a company's actions in an effort to minimize its tax burden, either through legal or illegal means. Tax minimization carried out by companies is usually by transferring profits and assets owned to countries with lower tax rates which increases the transfer pricing that occurs (Yulianti, 2019).

Many previous researchers have conducted research on transfer pricing with different variable variants and different results. The first difference in research results is on the influence of the tunneling incentive variable on transfer pricing, research conducted by Azhar (2021) succeeded in proving that tunneling incentives have an effect on transfer pricing. According to Maulani (2021), transferring company assets and profits to related parties or company branches in other countries will increase transfer pricing. Research conducted by Setiawan (2021) proves that tunneling incentives have no effect on transfer pricing. According to Darma (2020), the lack of tunneling incentives that occur means that tunneling incentives have no effect on transfer pricing. The minority shares owned by the government also make companies not dare to carry out tunneling incentives in large amounts because it will be a problem (Yulianti, 2019).

Afifah (2021) in his research proves that the bonus mechanism has an effect on transfer pricing. The bonus that directors receive because profits reach targets encourages directors to carry out transfer pricing (). Meanwhile, research conducted by Maulani (2021) proves that the bonus mechanism has no effect on transfer pricing, according to Afifah (2021), the bonus mechanism makes management manipulate reported profits, not by transfer pricing.

Research conducted by Apip (2019) succeeded in proving that multinationality has an effect on transfer pricing. Having companies in various countries can make it easier for companies to carry out transfer pricing. Meanwhile, research conducted by Hanifah (2018) proves that multinationality has no effect on transfer pricing. The existence of companies in various countries is a normal thing that cannot be used as an indication of transfer pricing (Hamid, 2020).

Research conducted by Syarif (2020) succeeded in proving that tax minimization has an effect on transfer pricing. The safest and most effective tax avoidance is transfer pricing (Rini, 2020). Tax avoidance efforts made by companies encourage high transfer pricing (Syarif, 2020). Research conducted by Tami (2019) proves that tax minimization has no effect on transfer pricing. Companies usually avoid taxes by adding operational expenses that come out of cash, which means tax minimization does not affect transfer pricing (Sari, 2019). Companies that do not have branches in other countries also use tax avoidance by increasing costs out of cash rather than by transferring profits to special relations parties or company branches in other countries (Hafifah, 2019).

Based on the background of this problem, researchers will conduct research entitled the influence of tunneling incentives, bonus mechanisms, and multinationality on transfer pricing with tax minimization as a moderating variable.

THEORY AND HYPOTHESIS DEVELOPMENT

Agency Theory (Agency Theory)

Agency theory or agency theory is a relationship or contract between a principal and an agent(Exandy, 2020). Meanwhile, Maysitah (2022) agency theory is a cooperative relationship between the principal (company owner) and the agent (company management), where the principal delegates authority to the agent to manage the company and make decisions (Anwar, 2019). The principal is the party who employs the agent to carry out tasks for the principal's interests, while the agent is the party who carries out the principal's interests(Gantino, 2019). Agency theory contains a contractual relationship between two parties, namely the agent and the principal, where the principal employs the agent to make a profit, and the agent who is given the task carries out the tasks given by the principal as best as possible in order to get a bonus.(Fuadah, 2019).

*Transfer pricing*can lead to agency conflicts, agents carry out transfer pricing to gain their own profits by pursuing bonuses from the targets they achieve (Tarmidi, 2020). Companies that act in accordance with agency theory will not carry out transfer pricing actions.

Transfer Pricing

*Transfer pricing*is a company policy action in determining the transfer price of a transaction to special related parties, and branch companies in other countries that have lower tax rates (Maulani, 2021). Transfer pricing is carried out to maximize profits by reducing the company's tax burden by transferring company profits and assets to company branches with lower tax rates (Tania, 2019). Companies that carry out transfer pricing are an indication that the company is not acting in accordance with agency theory, which gives rise to agency conflicts (Maysitah, 2022).

Tunneling Incentives

*Tunneling incentives*is the act of transferring company profits and assets to majority shareholders for their benefit, while also providing a transfer burden to minority shareholders (Cristina, 2021). High tunneling incentives are an indication that the company is not acting in accordance with agency theory, where only majority shareholders benefit, while minority shareholders suffer losses because they have to bear the burden of transfers without making a profit (Setyorini, 2022).

Bonus Mechanism

The bonus mechanism is a calculation of the amount of bonus given by the company owner through the general meeting of shareholders to members of the board of directors every year if they make a profit (Agustin, 2022). The bonus mechanism can cause management to commit profit fraud by increasing profits that are not in accordance with actual profits. This will cause the company to act inconsistently with agency theory because management does not carry out the tasks given by the principal properly (Sari, 2019).

Multinationality

*Multinationality*is a company with operating activities in various countries with the main level of control being in the country of origin where the business originates (Ridwan, 2019). Multinationality is a company that operates in more than one country under the control of a certain party with lower tax rates (Maulina, 2021). Having branch companies in other countries can make it easier for companies to maximize profits by reducing the income tax burden by sending company profits and assets to branch companies in countries at lower rates (Tania, 2019).

Tax Minimization

*Tax minimization*is the act of avoiding taxes by minimizing the tax burden borne, or eliminating it either through illegal or legal means (Leksono, 2019). Meanwhile, according to Hilmia (2019) tax aggressiveness is the act of manipulating taxable income carried out by a company through tax planning actions, either using methods that are classified as legal (tax avoidance) or illegal (tax evasion) to obtain tax profits. Companies that carry out tax minimization actions are considered to be acting inconsistently with agency theory which will reduce the trust of shareholders and users of financial reports in the company (Rini, 2020).

Hypothesis Development

The Effect of Tunneling Incentives on Transfer Pricing.

*Tunneling incentives*is the behavior of transferring company assets and profits for the benefit of majority shareholders who control minority shareholders. Examples of tunneling incentives are not distributing dividends, selling assets or securities from companies they control to other companies they own at prices below market prices, and choosing family members who do not meet the qualifications to hold important positions in the company) (Andayani, 2020). Tunneling incentive is the behavior of management or majority shareholders who transfer company assets and profits for their own interests, but the costs are borne by minority shareholders (Darma, 2020). Some forms of tunneling are loan guarantees, selling products below market prices, manipulating dividend payments (Andayani, 2020). The company's high tunneling incentive indicates that the large number of assets and profits transferred by the majority shareholder will increase transfer pricing (Maulani, 2021).

Research conducted by Maulani (2021) and Andayani (2020) shows that tunneling incentives have a positive effect on transfer pricing. Based on the explanation above, the following hypothesis can be formulated:

H1:*Tunneling incentives*has a positive effect on transfer pricing.

The Influence of Bonus Mechanisms on Transfer Pricing

Management will compete to increase company profits in order to get bonuses given by shareholders (Andayani, 2020). The bonuses given by shareholders will encourage management to commit fraudulent acts to increase company profits by carrying out transfer pricing (Sari, 2019). Research conducted by Maulina (2021) and Setyorini (2022) succeeded in proving that the bonus mechanism has a positive effect on transfer pricing. Based on the explanation above, and the results of previous research, the hypothesis proposed is as follows:

H2:The bonus mechanism has a positive effect on transfer pricing.

The Influence of Multinationality on Transfer Pricing

Multinational companies have the opportunity to reduce corporate taxes by placing high tax deductions on low taxes by taking advantage of different tax rules (Rezky, 2018). The large number of branch companies in other countries that have lower tax rates will encourage companies to carry out transfer pricing because of the convenience they have (Wijaya, 2020). Multinational companies have tax planning that is interconnected globally, and efficiently reduces group taxpayers (Rezky, 2018).

Research conducted by Mulyani (2021) and Suryajana (2021) succeeded in proving that multinationality has an effect on transfer pricing. Based on the proposed theory, and supported by the results of the proposed research, the hypothesis proposed is as follows:

H3:*Multinationality*has a positive effect on transfer pricing.

***Tax Minimization*As a Moderation Effect of Tunneling Incentives on Transfer Pricing**

*Tax minimization*is a form of minimizing the company's taxes, tax reduction actions taken by the company will encourage majority shareholders to transfer assets and company profits to branch companies in other countries to gain profits, this will increase transfer pricing (Mulyani, 2020). Research conducted by Sarah (2022) and Mulyani (2020) succeeded in proving that tax minimization can strengthen the influence of tunneling incentives on transfer pricing.

H4:*Tax Minimization*can moderate the influence of tunneling incentives on transfer pricing.

***Tax minimization*in moderating the influence of bonus mechanisms on transfer pricing**

*Tax minimization actions*What the company does will weaken the influence of the bonus mechanism on transfer pricing (Arrum, 2021). Tax avoidance carried out by companies by reducing their profits will encourage management to increase profits to get bonuses from the profit targets achieved at the company with low tax rates so that it can increase the transfer pricing that occurs (Rini, 2020).

Research conducted by Hamdi (2019) and Syahrizal (2019) succeeded in proving that tax minimization can strengthen the bonus mechanism for transfer pricing. Based on the proposed theory and previous research, the hypothesis proposed is as follows:

H5:*Tax Minimization*can moderate the influence of bonus mechanisms on transfer pricing.

***Tax minimization*as a moderating influence of multinationality on transfer pricing**

*Tax minimization*What companies do with the aim of reducing the tax burden they bear will encourage multinational companies to transfer their assets and profits (Setyarini, 2020). Research conducted by Syarif (2019) succeeded in proving that tax minimization can strengthen multinational companies to carry out transfer pricing. Based on the proposed theory, and supported by the results of previous research, the following hypothesis is proposed:

H6:*Tax Minimization*can moderate the influence of multinationality on transfer pricing.

RESEARCH METHODS

The data in this research is secondary data taken from annual reports of food and beverage sub-sector companies for the 2018-2021 period or for 4 years. The criteria used to determine the sample are food and beverage sub-sector companies listed on the Indonesia Stock Exchange (BEI) during the 2018-2021 period, publishing annual financial reports and those that have been audited on the Indonesia Stock Exchange (BEI) for the 2018-2021 period, presenting reports annual financials using the Rupiah currency for the 2018-2021 period, consistent profits for the 2018-2021 period and food and beverage sub-sector companies that have completeness regarding the variables used in research for the 2018-2021 period. From the predetermined side purposive criteria, there were 48 research samples.

The dependent variable or dependent variable is a variable that can be influenced by the independent variable. The dependent variable in this research is transfer pricing.

Transfer pricing

*Transfer pricing*is a transfer policy to related parties to reduce the tax burden (Yani, 2019). Sari (2019) in his research uses the following transfer pricing formula:

<u>Total Receivables from Related Parties</u>
Total Receivables

Independent variables are variables that can influence other variables. The independent variables in this research are tunneling incentives, bonus mechanisms, and multinationality.

Tunneling incentives

*Tunneling incentives*is an action taken by majority shareholders to gain profits by transferring profits and company assets by passing the burden of the transfer to minority shareholders (Ahmad, 2020). Syahrizal (2020) in his research used the following formula to measure tunneling incentive:

<u>Foreign share ownership > 20%</u>
Number of shares outstanding

Bonus Mechanism

The bonus mechanism is a calculation of the bonus that management will receive if they succeed in getting profits that meet the target (Rini, 2020). Arrum (2021) in his research used the following formula to measure the bonus mechanism:

Net profit
Previous year's net profit

Multinationality

*Multinationality*is a company with operating activities in various countries with the main level of control being in the country of origin where the business originates (Ridwan, 2019). Hanif (2020) measures multinationality using a dummy variable, where 1 is given if the company has a branch in another country, and 0 if the company does not have a branch in another country.

Moderating variables are variables that can strengthen or weaken the relationship between the influence of the independent variable on the dependent variable (Sugiyono, 2018). The moderating variable in this research is tax minimization.

Tax minimization

*Tax minimization*is an action to reduce the company's tax burden (Siregar, 2022). Setyarini (2020) measures tax minimization with the following formula:

$$ETR = \frac{\text{Tax expense}}{\text{Profit before tax}}$$

RESEARCH RESULTS AND DISCUSSION

Table 1
Results of Descriptive Statistical Analysis

	T.P	IT	MB	M.L	TM
Mean	0.380331	0.106336	1.320225	1	-0.171933
Median	0.385634	0.096006	1.165041	1	-0.223154
Maximum	0.976097	0.423882	8.137424	1	0.600899
Minimum	0.001123	0.000526	-0.938540	0.000000	-0.814643
Std. Dev.	0.339473	0.083439	1.221415	4.660953	0.223421
Skewness	0.280112	2.189931	3.430320	-5.569683	1.234164
Kurtosis	1.650104	9.102646	21.29783	36.40510	6.4714444
Jarque-Bera	4.272140	112.8510	763.7581	2479.972	36.26713
Probability	0.118118	0.000000	0.000000	0.818781	0.000000
Sum	18.25590	5.104111	63.37082	1430.866	-8.252765
Sum Sq. Dev.	5.416385	0.327219	70.80775	1021.051	2.346087
Observations	48	48	48	48	48

Source: Eviews 12 output.

The largest mean value was experienced by the bonus mechanism variable (mb) with a value of 1.320225 and the smallest was experienced by the tax minimization (tm) variable with a value of -0.171933. Then, the largest median value was still experienced by the bonus mechanism variable (mb) with a value of 1.165041 and the smallest was the tax variable minimization (tm) with a value of -0.223154. The maximum value from the data was obtained by the bonus mechanism variable (mb) with a value of 8.137424, while the lowest maximum value was obtained by the tunneling incentive variable with a value of 0.423882. The largest minimum value (smallest value from the data) is experienced by the tax minimization variable with a value of -0.814643 and the smallest is experienced by the transfer pricing variable with a value of 0.001123

Selection of Panel Data Regression Models

Test Chow

Table 2

Chow Test Results

Redundant Fixed Effects Tests			
Equation: Untitled			
Cross-section fixed effects test			
Effects Test	Statistics	df	Prob.
Cross-section F	134.199014	(11.29)	0.0000
Chi-square cross-section	189.570145	11	0.0000

Source: Eviews 12 output.

Based on the output above, the Cross-section F and Cross-section Chi-square values show Prob values of 0.0000 and 0.0007
< a (0.05) which means that the Fixed Effect Model (FEM) is more suitable to use than the Common Effect Model (CEM).

Hausman test

Table 3

Hausman Test Results

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Cross-section random effects test			
Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	2.342702	7	0.9385

Source: Eviews 12 output.

Based on the output above, the random cross-section Probability (Prob.) value is 0.9385 > a (0.05), which means the Random Effect Model (REM) is more suitable to use than the Fixed Effect Model (FEM).

Lagrange Multiplier Test

Table 4

Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects
Null hypothesis: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided
(all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	53.97303	1.842828	55.81586
	(0.0000)	(0.1746)	(0.0000)

Source: Eviews 12 output.

Based on the results of the Lagrange multiplier test above, it can be seen that the valueBreusch –pagan cross-section probability (0.000) < a (0.05), so it can be concluded that the Random Effect Model (REM) is more appropriate to use than the Common Effect Model (CEM).

Panel Data Regression Model Conclusion

Table 5

Model Conclusion

Test Chow	CEM VS FEM	FEM
Hausman test	FEM VS BRAKE	BRAKE
Lagrange test	BRAKES VS CEM	BRAKE

Source: Eviews 12 output.

Based on the results of the three tests, it can be seen that the random effect model is the most appropriate model for this research.

Hypothesis testing

F Test (Model Feasibility Test)

Table 6

F Test Results

F-statistic	5.766695
Prob(F-statistic)	0.000116

Source: Eviews 12 output.

The table above shows that the F-statistic value is 5.766695 > from F Table 2.5888 and the prob (F-statistic) value is 0.000116 < 0.05, so it can be concluded that the hypothesis is accepted. Which means tunneling incentives, bonus mechanisms, multinationality, and tax minimization simultaneously influence transfer pricing.

Determination Coefficient Test (Adjusted R2)

Table 7

Adjusted R-Square Results

R-squared	0.502282
Adjusted R-squared	0.415182

Source: Eviews 12 output.

It can be seen in the table above that the adjusted r squared value is 0.41, which means that transfer pricing can be explained and its changes predicted by the variables tunneling incentive, bonus mechanism, multinationality, and tax minimization at 41 percent, while the other 59 percent can be explained by other independent variables outside the variables. freely used in this research.

t test

t Test Results

Table 8

t Test Results

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	0.338758	0.148324	2.283905	0.0278
IT	0.859748	0.308755	2.784566	0.0081
MB	-0.021237	0.017083	-1.243163	0.2210
M.L	0.003472	0.001840	2.886789	0.0465
TM	0.136907	0.140882	0.971786	0.3370
TIXTM	3.996034	0.917652	4.354631	0.0001
MBXTM	-0.070797	0.073565	-0.962375	0.3416
MLXTM	0.111384	0.106893	2.442010	0.0037

Source: Eviews 12 output.

Interpretation of Results

a. The Effect of Tunneling Incentives on Transfer Pricing

The results of the t test show that the t-statistic value of tunneling incentive (ti) is 2,784 > 2,016 t-table, and the probability value is 0.0081 < 0.05, which means that tunneling incentive has a positive effect on transfer pricing, which means the action of transferring assets and profits carried out by majority shareholders by charging their costs to minority shareholders indicates that transfer pricing is occurring, the higher the profits transferred when tunneling incentives occur, the higher the transfer pricing that occurs, this will reduce the company's tax burden, and can maximize profits received in one period (Yulianti, 2019). The high tunneling incentive is an indication that the company is not acting in accordance with agency theory between its relationship with the government as principal (Setyorini, 2022). The results of this research are in accordance with the proposed hypothesis, which means the hypothesis is accepted. The results of this research are also in line with research conducted by Setiawan (2021) which succeeded in proving that tunneling incentives have a positive effect on transfer pricing.

b. The Influence of Bonus Mechanisms on Transfer Pricing

The results of the t test show that the t-statistic value of the bonus mechanism (mb) is 1.243 < 2.016 t-table, and the probability value is 0.2210 > 0.05, which means that the bonus mechanism has no effect on transfer pricing, which means that transfer pricing actions carried out by management are not influenced by the bonus mechanism that will be given by the company, this is because management in countries with higher tax rates will be disadvantaged because the profits generated are transferred to multinational companies in countries with lower tax rates (Yulianti, 2019).

There are still many companies that do not provide significant bonuses, making the bonus mechanism unable to influence transfer pricing actions (Yani, 2020). The results of this research are not in accordance with the proposed hypothesis, which means the hypothesis is rejected, however the results of this research are in line with research conducted by Sari (2019) which proves that the bonus mechanism has no effect on transfer pricing.

c. The Influence of Multinationality on Transfer Pricing

The results of the t test above show that the multinationality t-statistic (ml) is 2,886 > 2,016 t-table, and the probability value is 0.0465 < 0.05, meaning that multinationality has a positive effect on transfer pricing, the existence of branch companies outside the country or multinational companies will make it easier for companies to take action. transfer pricing, these multinational companies see that global scale businesses provide great opportunities to develop and also gain greater profits than companies that only operate on a domestic scale. In multinational companies, various international transactions occur between members (divisions). Some transactions involve affiliates located in two different jurisdictions. Differences in jurisdiction can cause problems, one of which is the issue of different tax rates for each country. This triggers multinational companies to reduce or avoid high taxes and double taxation. Transfer pricing is the price determined in transactions between division members in a multinational company, where the determined transfer price can deviate from market prices and be appropriate between divisions (Maulina, 2021). The results of this research are in accordance with the proposed hypothesis, which means the hypothesis is accepted. The results of this research are also in line with research conducted by Setiawan (2021) which succeeded in proving that multinationality has a positive effect on transfer pricing.

d. *Tax Minimization*In Moderating the Effect of Tunneling Incentives on Transfer Pricing

The results of the t test show that the t-statistic value of tax minimization in moderating the influence of tunneling incentives on transfer pricing (tixtm) is 4,354 > 2,016 t-table and the probability value is 0.0001 < 0.05, which means that tax minimization can moderate the influence of tunneling incentives on transfer pricing , companies will try to maximize their profits by minimizing their burdens, one of which is by reducing the company's tax burden. One way to reduce the company's tax burden is by means of tunneling incentives, namely transferring the company's assets and profits to the majority shareholders. This will be an indication that the company is carrying out transfer pricing. The results of this research are in accordance with the proposed hypothesis, which means the hypothesis is accepted. The results of this research are also in line with research conducted by Yulianti (2019) which proves that tax minimization can moderate the influence of tunneling incentives on transfer pricing.

e. *Tax Minimization*Can Moderate the Influence of Bonus Mechanisms on Transfer Pricing

The results of the t test show that the t-statistic value of tax minimization in moderating the influence of the bonus mechanism on transfer pricing (mbxtm) is 0.9623 < 2.016 t-table and the probability value is 0.3416 > 0.05, which means that tax minimization cannot moderate the influence of the bonus mechanism on transfers. pricing, tax avoidance actions carried out by companies by reducing company profits by increasing company expenses will reduce bonuses given to management, this makes tax minimization unable to moderate the influence of bonus mechanisms on transfer pricing. The results of this research are not in accordance with the proposed hypothesis, which means the hypothesis is rejected, however the results of this research are in line with research conducted by Ayem (2021) which proves that tax minimization can moderate the influence of the bonus mechanism on transfer pricing.

f. *Tax Minimization*In Moderating the Effect of Multinationality on Transfer Pricing

The results of the t test show that the t-statistic value of tax minimization in moderating the influence of the bonus mechanism on transfer pricing (mlxtm) is 2,442 > 2,016 t-table and the probability value is 0.0037 < 0.05, which means that tax minimization can moderate the influence of multinationality on transfer pricing. the action of minimizing taxes carried out by companies by transferring their profits to related parties or company branches in countries with lower rates, the higher the profits transferred to reduce taxes, the higher the level of transfer pricing that occurs (Yulianti, 2019). The results of this research are in accordance with the proposed hypothesis, which means the hypothesis is accepted, and the results of this research are in line with research conducted by Nuradila (2018) which succeeded in proving that tax minimization can moderate the influence of multinationality on transfer pricing.

CONCLUSION

*Tunneling incentives*has a positive effect on transfer pricing. The bonus mechanism has no effect on transfer pricing. Multinationality has a positive effect on transfer pricing. Tax minimization can moderate the influence of tunneling incentives on transfer pricing. Tax minimization cannot moderate the influence of the bonus mechanism on transfer pricing. Tax minimization can moderate the influence of multinationality on transfer pricing.

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