

**THE EFFECT OF BONUS MECHANISM TAX AND TUNNELING INCENTIVE
ON INDICATIONS OF TRANSFER PRICING IN MANUFACTURING
COMPANIES REGISTERED IN INDONESIA STOCK EXCHANGE FOR
2017-2019**

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ABSTRACT

This examination intends to decide the connection between Tax Influence, Bonus Mechanism, and Tunneling Incentive on signs of move estimating. The example utilized is the purchaser merchandise sub-area producing organizations recorded on the Indonesia Stock Exchange (IDX) for the period 2017 - 2019. The technique used to take tests is the purposive inspecting strategy and the information investigation strategy utilized is numerous straight examination. The outcomes show that Simultaneously, charges, extra systems and burrowing motivations affect move valuing. While somewhat, tunneling motivators influence move estimating. Duties and extra components don't influence move evaluating. The coefficient of assurance test results show that the coefficient of assurance is 0.284. This shows that the free factors utilized in the relapse model, specifically Tax, Bonus Mechanism, and Tunneling Incentive can clarify their impact on the reliant variable exchange estimating by 28.4%. While the excess 71.6% is clarified by different elements.

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

INTRODUCTION

The economy and business in the current period of globalization are present day and are growing extremely quick uncertainly. Because of the quick financial development, numerous organizations feel disappointed with the accomplishments they have made, with such countless public organizations currently beginning to change into global organizations, where business exercises are done in one nation as well as in a few different nations. With the advancement of the economy and business of an organization, it isn't just the benefits that the organization gets, yet there are likewise numerous snags and issues looked by the organization. Exchanges between nations, between divisions or between organizations that have uncommon exercises completed by an organization are identified with labor and products as well as just as capital and theoretical resources, so this can prompt intricacy in examining and

understanding the exchanges that an organization does. Signs of move estimating are regularly completed by worldwide assembling organizations, however there are additionally numerous public assembling organizations that do this action just to stifle their benefits to stay stable. Aside from assembling organizations, different signs are likewise taken by mechanical and banking organizations to diminish the measure of duty, specifically via move valuing or deciding the cost of the exchanges made.

Move Pricing itself is the assurance of costs for item exchanges, administrations, monetary exchanges or theoretical resources between division individuals or organization relations by expanding the price tag or cost and lessening the selling cost. Where this movement is completed to save charge rates, on the grounds that as we realize that the expense rates between every nation are totally different. Hence,

numerous organizations complete exercises that lead to misrepresentation to limit charge rates, one of which is by deciding the exchange cost.

Charges are required commitments paid by individuals for the state and utilized to assist the public authority and the overall population. High duty installments cause organizations to submit different cheats to stay away from charges, one of which is by doing move estimating, a sign that move valuing will hurt the public authority and the state since it extraordinarily influences a nation's expense income, as such this action is adverse on the grounds that organizations can control the assessment rate.

Aside from the assessment factors that cause an organization to perform move valuing, there are likewise different elements that impact an organization to do exercises to decide the exchange cost, specifically the reward system factor, where in doing obligations in the organization workers will in general contend to show great execution to the organization proprietors, with so the proprietor of the organization will give appreciation, in particular a reward to them as deals motivations, in this way making the chiefs or organization proprietors attempt to control the benefits to expand the reward got. The reward system itself is a part of reward estimation through the General Meeting of Shareholders (GMS).

Different factors other than duties and extra systems in a sign of move valuing are likewise done by investors. Where the offer possession construction can cause office clashes between dominant part investors and minority investors (Hartati, Desmiyawati and Julita, 2015). This office issue happens in light of the fact that the greater part investor has authority over dynamic contrasted with minority investors. Burrowing motivator is the conduct of the executives or investors. greater part shares that move

organization resources and benefits for their own advantages under any name and structure (Jewel, 2012). That way greater part investors have more control in dynamic controlling administration than minority investors. Subsequently burrowing motivations are motivators gotten by larger part investors by moving organization resources and benefits, however minority investors share the weight.

LITERATURE REVIEW

Transfer Pricing

There are different sorts of definitions set forward by analysts with respect to the term move valuing.

As per Sumarsan (2014: 199) Transfer estimating is an understanding between the Taxpayers and the Directorate General of Taxes in regards to the reasonable selling cost of the items they produce to parties who have a unique relationship with them.

Suandy (2016: 77) characterizes move estimating as follows: "Move costs are isolated into two, in particular an unbiased significance and a deprecatory importance. Unbiased agreement suggests that the exchange cost is simply a business methodology and strategy without a taxation rate decrease thought process. Then, the disparaging agreement suggests move costs as a work to save taxation rates with strategies, including moving benefits to nations with low assessment rates.

In view of the assessment of the specialists depicted above, Refgia can close in 2017 that Transfer Pricing is a cost decided in exchanges between division individuals in a global organization, where the predefined move cost can stray from the market cost and is reasonable between divisions. by and by transferpricing is utilized by a few worldwide organizations so the assessment paid isn't enormous, normally done by offering an auxiliary's monetary expression misfortune, so the expense is little.

Move Pricing Transactions

As per the guideline of the Directorate General of Taxes Number PER-32/PJ/2011 concerning the utilization of move evaluating, decency and business practice in exchanges among citizens and gatherings who have an exceptional relationship, for this situation the citizen manages exchanges with parties who have a unique relationship which is occupant citizen or perpetual foundation in Indonesia. This Directorate General of Taxation Regulation just applies to exchanges led by citizens with related gatherings to exploit levy contrasts brought about by a few variables, among others:

- a) Treatment of last and non-last annual duty burden on certain business areas.
- b) Treatment of the burden of deals charge on extravagance merchandise.
- c) Transactions made with the collaboration contract project worker citizen.

Move Pricing Methods

As indicated by the Tax General Regulation Number PER-32/PJ/2011 concerning the use of the rule of decency and gatherings who have a unique relationship. There are a few techniques in deciding the exchange cost, specifically:

- a. The Comparable Uncontrolled Price (CUP) technique is a value examination between free gatherings or an exchange evaluating strategy by contrasting costs in exchanges among parties and an uncommon relationship with the costs in the exchanges completed between parties who don't have an extraordinary relationship in tantamount conditions or conditions.
- b. The Resal Price Method (CPM) is a technique for deciding the exchange value which is done by looking at the cost in an item exchange made between related gatherings with the resale cost of the item in the wake of deducting the reasonable gross benefit which mirrors the capacity, resource, and the danger of

exchanging the item to other disconnected gatherings.

- c. The Cost Plus Method (CPM) is the exchange cost strategy which is done by expanding the reasonable gross benefit rate acquired by similar organization from exchanges with irrelevant gatherings or the reasonable gross benefit rate got by different organizations from tantamount exchanges with parties, which has no uncommon relationship to the expense of merchandise sold which is as per the standards of reasonableness and business standards.
- d. Benefit Split Method (PSM), which is the assurance of the exchange cost dependent on value-based benefits, which is completed to distinguish the consolidated benefit on subsidiary exchanges to be divided among related gatherings.

Meaning of Tax

As indicated by Sumitro in Mardismo (2011: 1), which expresses that assessments are individuals' commitments to the state depository dependent on law (which can be authorized) without accepting lead administrations (counter-accomplishment) which can be straightforwardly shown and used to pay for general costs, this definition idealized into a duty is the exchange of abundance from individuals to the state depository to fund routine consumptions and the "excess" is utilized for public saving which is the principle source to back open venture.

As per Law Number 28 of 2009 concerning the Third Amendment of Law Number 6 of 1983 concerning General Provisions and Tax Procedures (KUP), specifically charge is the commitment of the Taxpayer to the state owed by an individual or substance that is convincing under the Law, by not getting immediate pay and being utilized for the requirements of the state for the best success of individuals.

From the depiction portrayed above, charge has the accompanying components:

- a. Charges are commitments from individuals to the express, the option to gather charges is the state, either through the focal government or territorial governments.
- b. The assessment gathered should be founded on the overarching laws and guidelines. The idea of duty assortment is convincing dependent on the legal authority of its execution.
- c. In the installment of expenses, there is no immediate inconsistency by the public authority. What's more, charge installments can't be exhibited by the public authority's counter-accomplishment.
- d. Charges are utilized to back the state, to be specific state family uses and state advancements just as for different costs that advantage society and the state.

Duty Function

From the meaning of expense that has been clarified by the specialists above, it tends to be seen that duty has a few capacities in the existence of the state and society. Here are some expense capacities (Waluyo, 2017: 6), to be specific:

- a. The income work (budgeter) is a wellspring of assets reserved for financing government consumptions.
- b. The capacity of managing (regularend) is a methods for directing or carrying out approaches in the social and monetary fields.

Duty Collection System

The duty assortment framework can be separated into a few frameworks (Waluyo, 2017: 17), in particular:

- a) Official Assessment System
Is an assortment framework that offers power to the public authority (fiskus) to decide the measure of assessment owed.
- b) Self Assessment System

Is an expense assortment framework that gives authority, trust, and duty to citizens to compute, ascertain, pay and self-report the measure of assessment to be paid.

c) With Holding System

Is an assortment framework that approves an outsider to retain or gather the measure of duty owed by the citizen.

Bonus Mechanism

The reward system is extra remuneration, remittances or grants given by the organization to workers or organization representatives as an appreciation for their accomplishment in accomplishing the organization's benefit target. As clarified by Purwanti in (Refgia, 2010), reward or reward is an honor given by the GMS to individuals from the top managerial staff each year if the organization makes a benefit. In the interim, as per Irpan in (Hartati, 2014) the reward component can be deciphered as giving pay past compensation to organization chiefs for the work done by taking a gander at the work execution of the actual chiefs. Work execution itself can be surveyed and estimated by the organization dispassionately as indicated by the evaluation dictated by the actual organization.

In view of the clarification above, it tends to be reasoned that there is a reward instrument given by the organization to the chiefs in doing their obligations. At that point it will make the chiefs show great execution in dealing with the organization just to get a reward from the organization, which therefore will cause the chiefs to do different ways including controlling organization benefits to amplify the reward income that the organization will give if the ideal benefit target is met.

Tunneling Incentive

Burrowing or tunneling Incentive can emerge because of office issues between dominant part investors and minority investors. This is because

of conflicting interests and objectives between each gathering investor, on the grounds that the presence of offers that focus on one of the gatherings will give the capacity and authority over business exercises and the organization's control is heavily influenced by its.

For this situation, there are a few angles that express that burrowing can show up in two structures. To start with, controlling investors can move assets from the organization to themselves through exchanges between the organization and the proprietor. Instructions to sell resources, move value contracts, over the top chief remuneration, loaning, and so on Also, dominant part investors can build a lot of the organization without moving resources through dilutive issuance of offers or other monetary exchanges that bring about misfortunes for minority investors.

In light of the clarification portrayed above, it tends to be inferred that burrowing motivators are impetuses gotten by controlling investors or dominant part investors for their

exchange of resources or benefits, yet minority investors share the weight. For this situation the greater part investor will profit and be not the same as minority investors who are obviously distraught, on the grounds that with this training the profits they get will be more modest or even there will be no profit conveyance at all because of the organization encountering a misfortune with the measure of expenses charged. stock did by the organization.

RESEARCH METHODS

This exploration is a clear quantitative examination utilizing an example of 51 shopper products fabricating organizations on the IDX in 2017-2019.

Findings

This investigation utilizes 51 customer merchandise fabricating organizations, to be specific food varieties and drinks that have been recorded on the Indonesia Stock Exchange (IDX) during the period 2016 - 2018.

Total Sample

No.	Criteria	Total
1.	Consumer goods manufacturing companies listed on the IDX in 2017 - 2019	39
2.	Consumer goods manufacturing companies that do not present complete financial report data, especially regarding the variables studied for the period 2017 - 2019	(13)
3.	Consumer goods manufacturing companies that experienced losses during the 2017 - 2019 period	(7)
4.	Consumer goods manufacturing companies with share ownership below 20%	(2)
Number of Samples According to Criteria		17
Total Samples During the Study (17 x 3)		51
Data processed as research samples		51

Source: Secondary Data Processed 2020 (Output SPSS v20)

**List of Companies That Become the Object of Research
2017 - 2019**

No.	Code	Company name
1.	BUDI	PT. Budi Starch & Sweetener Tbk.
2.	CEKA	PT. Wilmar Cahaya Indonesia Tbk.
3.	CLEO	PT. Sariguna Primatirta Tbk.
4.	DLTA	PT. Delta Djakarta Tbk.
5.	DVLA	PT. Darya-Varia Laboratoria Tbk.
6.	HMSP	PT. Hanajaya Mandala Sampoerna Tbk.
7.	ICBP	PT. Indofood Cbp Sukses Makmur Tbk.
8.	INDF	PT. Indofood Sukses Makmur Tbk.
9.	KAEF	PT. Kimia Farma (Persero), Tbk.
10.	MLBI	PT. Multi BUntang Indonesia Tbk.
11.	MYOR	PT. Mayora Indah Tbk.
12.	ROTI	PT. Nippon Indosari Corpindo Tbk.
13.	SIDO	PT. Industri Jamu Dan Farmasi Sido Muncul Tbk.
14.	STTP	PT. Siantar Top Tbk.
15.	TCID	PT. Mandom Indonesia Tbk.
16.	TSPC	PT. Tempo Scan Pacific Tbk.
17.	UNVR	PT. Unilever Indonesia Tbk.

Source: www.idx.co.id at the UNTA Indonesia Stock Exchange Corner Gallery

DATA ANALYSIS RESULTS

Statistical Test Results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Pajak	51	,1447	,5008	,345465	,0695463
Mekbon	51	,2976	8,0205	1,281090	1,0223130
Tun_Incen	51	,2577	,9250	,662518	,2245719
TranPric	51	,0004	,9505	,371869	,3278801
Valid N (listwise)					

Source: Secondary data processed in 2020

a) Tax

Duty is a depiction of the weight borne by an organization on the state in doing its operational exercises. The normal corporate duty esteem is 0.345465 and the standard deviation esteem is 0.0695463. This demonstrates that all organizations in completing their business exercises all bear charges. The most elevated duty esteem is possessed by practically all organizations in the

period 2017, 2018, 2019. In the mean time, the most minimal assessment esteem is 0.1447 which is possessed by the organization PT. Wilmar Cahaya Indonesia Tbk, in the 2017 period.

b) Bonus Mechanism

The reward component is a representation of how high an organization gets the benefits it accomplishes. The normal organization reward system is

1.281090 and the standard deviation esteem is 1.0223130. The most extreme worth of the reward instrument is 8,0205 claimed by the organization PT. Sariguna Primatirta Tbk in 2017. While the most minimal worth was 0.2976 claimed by the organization PT. Mandom Indonesia Tbk in 2017.

c) Tunneling Incentive

Burrowing or tunneling motivating force is an outline of how much the extent of the greatest offer possession is the controlling offer. The normal offer responsibility for organization is 0.662518 with a standard deviation worth of 0.2245719. This demonstrates that the portions of the example organizations are just claimed and constrained by a couple of gatherings. The burrowing impetus variable has a greatest worth of 0.9250 which is possessed by the organization PT. Hanjaya Mandala

Sampoema Tbk in 2017 - 2018 and 2019 while the least worth was 0.2577, to be specific the organization PT. Nippon Indosari Corpindo Tbk in 2018 and 2019.

d) Transfer Pricing

Move evaluating is a depiction of the organization's endeavors to limit charge rates by limiting the measure of benefit and knowing whether there are exchanges between parties that have unique advantages. The absolute normal worth of the exchange estimating variable is 0.371869 with a standard deviation worth of 0.3278801. The most extreme worth of the exchange valuing variable is acquired by the organization PT. Mandom Indonesia Tbk in 2017 esteemed at 0.9505, the most minimal worth is 0.0004 which is claimed by the organization PT. Delta Jakarta Tbk in 2018.

Exemplary Assumption Test

a) Normality Test

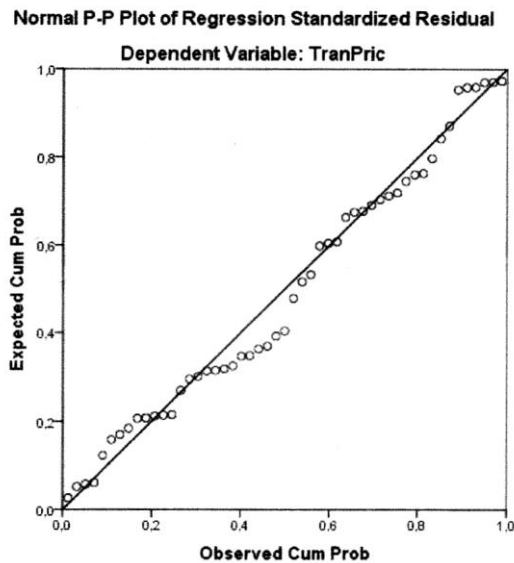
One-Sample Kolmogorov-Smirnov Test

		Standardized Residual
N		51
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	,96953597
	Absolute	,108
Most Extreme Differences	Positive	,108
	Negative	-,075
Kolmogorov-Smirnov Z		,769
Asymp. Sig. (2-tailed)		,569

a. Test distribution is Normal.

b. Calculated from data

Source: Secondary data processed in 2019



b) Multikolinearity Test

**Multikolinearity Test
Coefficients^a**

Model	Collinearity Statistic	
	Tolerance	VIF
Tax	,842	1,188
Bonus Mechanism	,854	1,171
Tun_Incen	,984	1,016

a. Dependent Variabel: TranPric

Source: Secondary data processed in 2021

In light of table above, it is realized that the resistance worth of every free factor is more than 0.10 and the VIF esteem is under 10.00. This is demonstrated by the resilience an incentive for every free factor, specifically assessment of 0.842 and VIF worth of 1.188, the resistance worth of the reward component of 0.854

and the VIF worth of 1.171, the resistance an incentive for burrowing motivation is 0.984 with a VIF worth of 1.016. So it tends to be inferred that the relapse model in this examination doesn't have multicollinearity manifestations.

c) Heteroskedastisity Test

**Heteroskedastisity Test
Coefficients^a**

Model	Understandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std. Error	B		
1 Tax	,328	,158		2,069	,044
Bonus	-,101	,349	-,045	-,289	,774
Mechanism	-,026	,024	-,174	-1,123	,267
Tun_Incen	-,047	,100	-,069	-,474	,638

a. Dependent Variabel: ABSRESID

Source: Secondary data processed in 2021

In light of the table above, it very well may be seen that the critical worth of every autonomous variable is more noteworthy than 0.05. This is proven by the worth of the duty variable, specifically the sig worth of 0.774 > 0.05, the reward component variable

with a sig worth of 0.267 > 0.05 and the burrowing motivating force variable with a sig worth of 0.638 > 0.05. So it very well may be inferred that the relapse model doesn't have heteroscedasticity.

d) Autokorelasi Test

**Autokorelasi Test
Model Summary^b**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin Watson
1	,368 ^a	,135	,079	,24599	1,753

- a. Predictors: (Constant), Lag_TUNINCEN, Lag_BONMECH, Lag_TAX
- b. Dependent Variabel: Lag_TFPRI
- c. Source: Secondary data processed in 2019

In view of the aftereffects of the autocorrelation test, it shows that the Durbin-Watson esteem is 1.753. With the quantity of autonomous factors as much as 3, at that point K = 3 and an example of 51 budget report information, at that point n = 51 with a

critical degree of 5%, it tends to be resolved that (dl) is 1.4273 and the worth (dU) is 1.6754. In this way, the worth of dU < dW < 4-dU is 1.6754 < 1.753 < 2.3246, so it very well may be reasoned that there is no autocorrelation manifestation.

1. Multiple Regression Analysis Test

**Multiple Regression Analysis Test
Coefficients^a**

Model	Understandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std. Error	B		
(Constant)	1,040	,288		3,610	,001
1 Tax	-,538	,634	-,114	-,848	,401
Bonus	,021	,043	,066	,496	,622
Mechanism Tun_Incen	-,769	,182	-,527	-4,233	,000

- a. Dependent Variabel: TranPric
- Source: Secondary data processed in 2021

$$TP = 1,040 - 0,538 (\text{Pajak}) + 0,021 (0,769(\text{TunnelingIncentive}) + e$$

Note:

- Y = Transfer Pricing Variable
- α = Constanta
- $\beta_1 \dots \beta_2$ = The Regression Coefficient of Each Independent Variable
- X1 = Independent Variable 1 (Tax)

- X2 = Independent Variable 2 (Bonus Mechanism)
- X3 = Independent Variable 3 (Tunneling Incentive)
- e = Error Term

From the consequences of the above condition it tends to be seen that:

- a. The steady worth is positive at 1.040, implying that each worth of the expense variable, reward component and burrowing motivating forces is viewed as consistent, so the worth of the reliant variable exchange valuing is 1.040.
- b. The worth of the duty relapse coefficient (X1) is negative 0.538, which implies that if the expense esteem increments by one unit, the exchange estimating worth will diminish by regrettable 0.538, accepting different factors are consistent.
- c. The relapse coefficient worth of the reward component (X2) is positive 0.021, which implies that if the worth of the reward instrument increments by one unit, the worth of move valuing will increment by bad 0.021 if different factors are viewed as consistent.
- d. The relapse coefficient an incentive for burrowing motivating force (X3) is negative 0.769, which implies that if the burrowing motivator esteem increments by one unit, the exchange estimating worth will diminish by regrettable 0.769 accepting different factors are steady.

1. Hypothesis Testing

a) Parsial Test

Parsial Test Coefficients^a

Model	Understandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std. Error	B		
(Constant)	1,040	,288		3,610	,001
Tax	-,538	,634	-,114	-,848	,401
1 Bonus	,021	,043	,066	,496	,622
Mechanism	-,769	,182	-,527	-4,233	,000
Tun_Incen					

a. Dependent Variabel: TranPric

Source: Secondary data processed in 2021

In light of the table above, it very well may be reasoned that the consequences of the incomplete test (t test) are:

1. Tax

In light of the consequences of the table, the huge assessment esteem is 0.401, the critical worth is more prominent than 0.05 (0.401 > 0.05). This shows that the assessment variable (X1) has no halfway impact on the sign of move evaluating so speculation 1 (H1) is dismissed.

2. Bonus mechanism

In light of the consequences of the table, it is gotten a huge worth of the reward or

bonus system of 0.622, this huge worth is more prominent than 0.05 (0.622 > 0.05). This shows that the reward system variable (X2) has no incomplete impact on the sign of moving worth, so theory 2 (H2) is dismissed.

3. Tunneling Incentive

The critical benefit of tunneling or burrowing motivation is 0.000, this huge worth is under 0.05 (0.000 < 0.05). This shows that the burrowing impetus variable (X3) partially affects the sign of move estimating so theory 3 (H3) is acknowledged.

In light of the t circulation table, it very well may be seen that the t table worth is 2.01174, it tends to be reasoned that the impact of the autonomous assessment variable, reward system and burrowing motivations on the reliant variable of move evaluating is as per the following :

a) Tax

In light of the table above, it is acquired t check of 0.848. The t table worth is 2.01174. This shows that the t esteem is more modest than 2.01174 (0.848 < 2.01174), which implies that the duty variable (X1) has no huge impact on the exchange valuing variable (Y) so theory 1 (H1) is dismissed.

b) Bonus Mechanism

In light of the table above, it is

b) Simultaneous Test (Test F)

**Simultaneous Test (Test F)
ANOVA^a**

Model	Sum of Squares	Df	Mean Squares	F	Sig.
1 Regression	1,526	3	,509	6,209	,001 ^b
Residual	3,850	47	,802		
Total	5,375	50			

a. Dependent Variabel: TranPric

b. Predictors: (Constant), Tunlncen, BonMech, Tax

Source: Secondary data processed in 2021

In light of the aftereffects of the synchronous test estimation (F test), it was acquired 6.209. The huge worth is (0.001 < 0.05). At that point the duty factors, reward component, and burrowing motivations all the while (together) significantly affect the exchange evaluating variable.

In view of the F dispersion table, it tends

c. The coefficient of determination (R2)

**Uji Koefisien Determinasi
Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,533 ^a	,284	,238	,2861927

Predictors: (Constant), Tunlncen, BonMech, Tax

Source: Secondary data processed in 2021

acquired t check of 0.496. The t table worth is 2.01174. This shows that the t esteem is more modest than 2.01174 (0.496 < 2.01174), which implies that the reward component variable (X2) has no critical impact on the exchange estimating variable (Y) so speculation 2 (H2) is dismissed.

c) Tunneling Incentive

In light of the table above, it is acquired t check of 4.233. The t table worth is 2.01174. This shows that the t esteem is more noteworthy than 2.01174 (4.233 > 2.01174) which implies that the burrowing motivation variable (X3) significantly affects the exchange valuing variable (Y) so theory 3 (H3) is acknowledged.

to be seen that the F table worth is 2.80. Since F tally (6.209) > F table (2.80), it tends to be presumed that at the same time the duty variable (X1), reward instrument (X2) and burrowing motivating force (X3) together (all the while) significantly affect the reliant variable. in particular exchange estimating (Y).

In light of the tests that have been done, it tends to be seen that the coefficient of assurance is 0.284. This shows that the free factors utilized in the relapse model, specifically the assessment variable, reward system and burrowing motivation, can clarify the impact on the reliant variable exchange evaluating by 28.4% while the excess 71.6% is clarified by different components.

CONCLUSION

1. The Effect of Taxes on Transfer Pricing (H1)

The aftereffect of the estimation of the speculation that has been completed by the duty variable has an importance worth of $0.401 > 0.05$, which implies that H1 is dismissed, as such, the assessment variable somewhat has no impact on move valuing. It shows that assessment doesn't have a huge constructive outcome on move estimating.

To have the option to limit the taxation rate paid, organizations to the state can do great and right duty arranging. An organization director should decrease his expense costs as ideal as conceivable to build charge commitments.

Organizations can do burden wanting to limit taxation rates. In view of the degree of importance acquired, it tends to be clarified that the more noteworthy the organization's taxation rate doesn't influence the organization completing exchange estimating.

2. The Effect of Bonus Mechanism on Transfer Pricing (H2)

In view of the theory testing that has been done, the reward instrument variable has a huge worth of $0.622 > 0.05$, which implies that H2 is dismissed, all in all the reward system variable has no impact on move evaluating and has no relationship with move valuing. So the reward system variable

significantly affects move estimating choices in expanding the benefits and rewards they get.

This can happen in light of the irregularity of an organization in expanding benefits from one year to another or an organization has great oversight in identifying extortion submitted by the executives. Also, organization proprietors and chiefs have their separate parts in an organization.

Organization proprietors need great execution from their chiefs in accomplishing the organization's benefit target, yet consequently, the chiefs likewise need exactly the same thing, specifically benefits as rewards for the presentation that has been given to the organization, this is the thing that urges chiefs to submit misrepresentation to amplify the reward they get, for example, by controlling monetary reports by using move valuing. Nonetheless, this may not occur in light of the fact that the act of move valuing will in general just advantage the directorate. In the interim, move evaluating examination ought to be completed to profit the organization.

3. Effect of Tunneling Incentive on Transfer Pricing (H3)

The consequences of the theory estimation that the burrowing impetus variable has a huge worth of $0.000 < 0.05$, which implies that H3 shows that the burrowing motivating force variable affects move evaluating, so H3 is acknowledged.

Burrowing or tunneling motivators are share proprietorship that is moved in one gathering or an interest that gives the capacity to control the organization's business exercises heavily influenced by its on the grounds that burrowing impetuses are more noteworthy by larger part investors than minority investors, since greater part

investors have motivations and the capacity to make exchanges. - exchanges with specific costs and with specific gatherings. For this situation, related gatherings or gatherings who have an exceptional relationship.

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