

The Influence of Taxes, Corporate Governance, and Bonus Mechanisms on Transfer Pricing Decisions: Evidence from Food and Beverage Companies Listed on the Indonesia Stock Exchange

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ABSTRACT

This study aims to analyze the effect of taxes, corporate governance, and bonus mechanisms on transfer pricing decisions in food and beverage sub-sector companies listed on the Indonesia Stock Exchange during the period 2021–2024. This research employs a quantitative approach using multiple linear regression analysis. The data used in this study are secondary data in the form of annual financial reports obtained from the official website of the Indonesia Stock Exchange. The sample was determined using a purposive sampling technique, resulting in 15 companies with a total of 60 observations. The results show that taxes and bonus mechanisms do not have a significant effect on transfer pricing decisions. Meanwhile, corporate governance, measured by institutional ownership, has a significant effect on transfer pricing. Simultaneously, taxes, corporate governance, and bonus mechanisms influence transfer pricing decisions. These findings indicate that corporate governance mechanisms play an important role in supervising managerial policies related to related-party transactions.

Keywords: Transfer Pricing, Tax, Corporate Governance, Bonus Mechanism

INTRODUCTION

The development of economic globalization has encouraged companies to expand their business activities across various countries in order to enhance competitiveness and corporate profitability. Global economic integration enables multinational companies to conduct cross-border transactions within a single business group, including the sale of goods, provision of services, and financial transactions among entities that have special relationships. This condition provides opportunities for companies to optimize their business strategies, including the management of internal transaction pricing, commonly known as transfer pricing (Ginting et al., 2019). In practice, transfer pricing policies have become one of the important issues in the field of international taxation because they can influence the distribution of profits across countries and affect a country's tax revenue.

Transfer pricing essentially refers to a company's policy in determining transaction prices for goods, services, or intangible assets that occur between parties having special relationships within the same business group. This policy is used to record revenues and costs among divisions or companies within the same corporate group (Patricia, 2023). From a corporate management perspective, transfer pricing can function as a tool for performance control among business units; however, in practice, it is often associated with tax avoidance efforts through the shifting of profits to countries or entities with lower tax rates (Tyas, 2021). Therefore, transfer pricing practices have become a major concern for tax authorities in various countries, including Indonesia.

Indonesia, as a developing country, is highly dependent on tax revenue as the primary source of financing for national development. Taxes play a strategic role in supporting the implementation of various government programs, including infrastructure development, education, healthcare, and other public services. However, efforts to optimize tax revenue often face various challenges, one of which is tax avoidance practices carried out by companies through various tax planning strategies, including transfer pricing mechanisms (Sihombing & Sibagariang, 2020). For companies, taxes are often perceived as a burden that reduces net profit; therefore, management attempts to find ways to minimize tax obligations legally through tax management strategies (Wardani & Rini, 2021).

In addition to tax factors, transfer pricing practices may also be influenced by corporate governance mechanisms. Corporate governance refers to the system that regulates and controls a company to ensure that corporate management is conducted in a transparent, accountable, and responsible manner toward stakeholders. The implementation of good corporate governance is expected to minimize conflicts of interest between management and company owners and to improve the quality of corporate decision-making (Sari, 2021). In this context, institutional ownership, as one of the monitoring mechanisms, is believed to reduce opportunistic managerial behavior, including policies related to transfer pricing decisions.

Another factor that may influence a company's decision to engage in transfer pricing is the bonus mechanism applied in the management compensation system. The bonus mechanism represents a form of reward granted to managers or company directors for successfully achieving certain performance targets, particularly those related to the attainment of corporate profits (Refgia et al., 2017). Profit-based compensation systems may encourage management to improve the company's financial performance; however, on the other hand, they may also create opportunistic behavior, such as financial statement manipulation or the arrangement of transfer pricing policies to increase reported profits (Mispiyanti, 2015).

Several previous studies have shown mixed results regarding the factors influencing transfer pricing decisions. Research conducted by Wijaya and Amelia (2020) found that tax and corporate governance have a significant effect on transfer pricing. Meanwhile, a study by Fauziah and Saebani (2018) revealed that tax and bonus

mechanisms do not significantly influence companies' decisions to engage in transfer pricing. These differing findings indicate that the factors influencing transfer pricing practices remain an interesting topic for further investigation, particularly in the context of companies operating in Indonesia.

Based on the above explanation, this study aims to analyze the effect of tax, corporate governance, and bonus mechanisms on transfer pricing decisions in food and beverage sub-sector companies listed on the Indonesia Stock Exchange during the period 2021–2024. The selection of the food and beverage sector is based on the consideration that this sector is one of the industries with relatively stable growth and complex business activities, which potentially involve transactions between related parties in their operational activities. Therefore, this study is expected to provide empirical contributions to understanding the factors that influence transfer pricing practices among companies in Indonesia.

LITERATURE REVIEW

Transfer Pricing

Transfer pricing refers to a company's policy in determining transaction prices for goods, services, and intangible assets that occur between entities with special relationships within the same business group. This practice is commonly carried out by multinational companies that have several subsidiaries operating in different countries. The determination of transfer prices aims to allocate revenues and costs among entities within the same corporate group so that it can reflect the performance of each business unit (Sugiharti & Machdar, 2023).

From the perspective of international taxation, transfer pricing often becomes a major concern for tax authorities because it has the potential to be used as a means of tax avoidance through profit shifting to countries that impose lower tax rates. This occurs when companies determine intercompany transaction prices that do not comply with the arm's length principle or fair market value principle (Tyas, 2021). Therefore, many countries implement strict regulations regarding transfer pricing practices to ensure that transactions between related parties are conducted fairly and do not harm state tax revenues.

In the context of empirical research, transfer pricing is often measured through indicators of sales or purchase transactions conducted with related parties (related party transactions). The higher the proportion of transactions with related parties, the greater the potential for companies to engage in transfer pricing practices as a strategy for managing corporate profits and taxes (Cristina & Murtiningtyas, 2021).

Tax

Tax is a mandatory contribution paid by individuals or entities to the state based on the law without receiving direct compensation, which is used to finance government expenditures and national development (Sihombing & Sibagariang, 2020). In the

corporate context, taxes are often perceived as a burden that reduces the company's net profit. Therefore, corporate management tends to implement various tax planning strategies in order to minimize tax obligations legally.

One of the strategies frequently used by multinational companies in managing tax burdens is through transfer pricing practices. By taking advantage of differences in tax rates among countries, companies can shift profits from countries with higher tax rates to those with lower tax rates. This strategy allows companies to optimize their global after-tax profits (Wardani & Rini, 2021).

In accounting and taxation research, the level of a company's tax burden is often measured using the Effective Tax Rate (ETR), which is the ratio between income tax expense and profit before tax. A lower ETR value indicates that the company has greater capability in conducting tax planning to reduce the tax burden that must be paid (Sahara & Oktafiani, 2022).

Corporate Governance

Corporate governance refers to the system that regulates and controls a company to ensure that it is managed in a transparent, accountable, and responsible manner toward stakeholders. The implementation of good corporate governance aims to improve corporate performance and minimize conflicts of interest between management and company owners (Kusmayadi et al., 2015).

From the perspective of agency theory, the relationship between company owners (principals) and managers (agents) has the potential to create conflicts of interest because managers possess greater information about the company's condition than the owners. Therefore, effective monitoring mechanisms are required to ensure that management acts in accordance with the interests of the company owners (Jensen & Meckling, 1976).

One important corporate governance mechanism is institutional ownership. Institutional ownership reflects the proportion of company shares owned by institutions such as investment companies, banks, or other financial institutions. Institutional investors generally possess better analytical capabilities as well as adequate resources to supervise corporate management policies (Fauzi & Ardini, 2021). With strong monitoring from institutional investors, opportunistic managerial practices such as earnings manipulation or inappropriate transfer pricing policies can be minimized.

Bonus Mechanism

The bonus mechanism is a compensation system provided to company management based on the achievement of certain performance targets, particularly those related to corporate profits. The bonus system aims to motivate management to work optimally in improving company performance (Refgia et al., 2017).

However, from the perspective of agency theory, profit-based compensation systems may generate opportunistic behavior among managers. Managers have incentives to increase reported profits in order to obtain higher bonuses. This condition may

encourage managers to implement various accounting strategies or financial policies aimed at increasing corporate profits in the short term (Mispiyanti, 2015).

One policy that can be utilized by management to increase company profits is transfer pricing practices. By strategically determining transaction prices among companies within the same business group, firms can allocate profits among entities in a way that improves the financial performance of certain entities that become the basis for managerial bonus compensation.

The Effect of Tax on Transfer Pricing Decisions

Tax is often considered one of the main factors encouraging companies to engage in transfer pricing practices. The higher the tax burden borne by a company, the greater the incentive for the company to shift profits to other entities that are subject to lower tax rates. This strategy is undertaken to minimize tax obligations and maximize overall after-tax corporate profits (Wardani & Rini, 2021).

Several empirical studies indicate that tax has an influence on transfer pricing practices. A study conducted by Wijaya and Amelia (2020) found that tax has a positive effect on transfer pricing decisions in manufacturing companies in Indonesia. The results suggest that companies with higher tax burdens tend to be more active in conducting transactions with related parties as a tax management strategy.

Based on the above explanation, the hypothesis proposed in this study is H1: Tax affects transfer pricing decisions.

The Effect of Corporate Governance on Transfer Pricing

Corporate governance plays an important role in supervising and controlling corporate management policies. The implementation of good corporate governance is expected to reduce opportunistic managerial behavior and increase transparency in corporate decision-making.

Institutional ownership, as one of the corporate governance mechanisms, is believed to enhance the effectiveness of monitoring management. Institutional investors have strong interests in the sustainability of the company; therefore, they tend to exercise stricter supervision over corporate policies, including those related to transfer pricing (Fauzi & Ardini, 2021).

Previous studies have shown that corporate governance influences transfer pricing practices. Research conducted by Nurafipah and Ferdiansyah (2023) indicates that the implementation of good corporate governance can influence corporate transfer pricing policies due to stronger supervision over management.

Based on the above explanation, the hypothesis proposed in this study is: H2: Corporate governance affects transfer pricing decisions.

The Effect of Bonus Mechanisms on Transfer Pricing Decisions

The bonus mechanism is one form of incentive provided to company management based on the achievement of certain performance targets, particularly those related to corporate profits. Profit-based compensation systems may encourage managers to improve the company's financial performance in order to obtain higher bonuses.

From the perspective of agency theory, managers tend to maximize their own interests, including through the manipulation of accounting policies or corporate financial decisions. One strategy that can be utilized by managers is transfer pricing practices, which can increase the reported profits of certain entities within a business group (Mispiyanti, 2015).

Research conducted by Refgia et al. (2017) shows that bonus mechanisms have an influence on corporate transfer pricing decisions. This indicates that management compensation systems can be one of the factors encouraging companies to engage in transfer pricing practices.

Based on the above explanation, the hypothesis proposed in this study is: H3: Bonus mechanisms affect transfer pricing decisions.

METHOD

This study employs a quantitative approach using an associative research method aimed at analyzing the effect of tax, corporate governance, and bonus mechanisms on transfer pricing decisions. The quantitative approach is used because this study examines the relationships among variables empirically through statistical analysis based on numerical data obtained from the companies' financial statements (Sugiyono, 2019).

The population in this study consists of all food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2021–2024. The sampling technique used is purposive sampling, which determines the sample based on specific criteria aligned with the objectives of the study. The sampling criteria include: (1) food and beverage sub-sector companies consistently listed on the IDX during the period 2021–2024; (2) companies that publish complete annual financial statements; (3) companies that generate profits during the research period; and (4) companies that have institutional ownership. Based on these criteria, 15 companies were selected as the research sample with a total of 60 observation data.

This study utilizes secondary data in the form of companies' annual financial statements obtained from the official website of the Indonesia Stock Exchange (www.idx.co.id). The dependent variable in this study is transfer pricing, while the independent variables include tax, corporate governance, and bonus mechanisms. Tax is measured using the Effective Tax Rate (ETR), calculated as the ratio between income tax expense and profit before tax (Sahara & Oktafiani, 2022). Corporate governance is measured through institutional ownership, defined as the proportion of shares owned by institutions relative to the total outstanding shares (Fauzi & Ardini, 2021). The bonus mechanism is measured using the net profit trend index, which is the ratio of the current year's net profit to the previous year's net profit (Refgia et al., 2017).

Data analysis is conducted using multiple linear regression analysis to examine the effect of independent variables on the dependent variable. Prior to performing the regression analysis, classical assumption tests are conducted, including the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test, to ensure that the regression model satisfies the required statistical assumptions (Ghozali, 2018). The regression model used in this study is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Description:

Y = Transfer Pricing

α = Constant

β_1 – β_3 = Regression coefficients

X1 = Tax

X2 = Corporate Governance

X3 = Bonus Mechanism

e = Error term

Hypothesis testing is conducted using the t-test to determine the partial effect of independent variables, the F-test to examine the simultaneous effect of independent variables, and the coefficient of determination (R^2) to measure the model’s ability to explain the variation in the dependent variable (Ghozali, 2018).

RESULTS AND DISCUSSION

Overview of the Research Object

The object of this study consists of food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2021–2024. The selection of the food and beverage sector is based on the consideration that this sector is one of the industries with relatively stable growth and complex business activities, including the potential for transactions with related parties within the same business group.

Based on the sample selection process using the purposive sampling method, a total of 15 companies met the research criteria. With a research period of four years, the total number of observations used in this study is 60 observations.

Table 1. Research Sample

Sample Criteria	Number
Food and beverage sub-sector companies listed on the IDX	30
Companies without complete financial statements	(5)
Companies that did not generate profits during the research period	(6)
Companies that did not meet the research criteria	(4)
Total sample companies	15
Research period (years)	4
Total research observations	60

Descriptive Statistics

Descriptive statistics are used to provide an overview of the characteristics of the research data, including the minimum value, maximum value, mean, and standard deviation of each research variable. The variables analyzed in this study consist of transfer pricing as the dependent variable, and tax, corporate governance, and bonus mechanisms as the independent variables.

Table 2. Descriptive Statistics Results

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Transfer Pricing	60	0.02	0.65	0.287	0.143
Tax (ETR)	60	0.05	0.38	0.221	0.087
Corporate Governance	60	0.25	0.91	0.642	0.158
Bonus Mechanism	60	0.73	1.85	1.214	0.296

Based on the descriptive statistics presented in Table 2, the transfer pricing variable has an average value of 0.287, with a minimum value of 0.02 and a maximum value of 0.65. This indicates that the level of related-party transactions among the sampled companies varies considerably.

The tax variable, measured using the Effective Tax Rate (ETR), has an average value of 0.221, indicating that the average tax burden of the sampled companies is approximately 22.1% of profit before tax.

The corporate governance variable, measured using institutional ownership, shows an average value of 0.642, indicating that the majority of company shares are owned by institutional investors.

Meanwhile, the bonus mechanism variable, measured using the net profit trend index, has an average value of 1.214, indicating that, in general, the companies in the sample experienced profit growth during the research period.

Classical Assumption Tests

Before conducting regression analysis, the research model must satisfy several classical assumptions to ensure that the regression model used is valid and unbiased.

Normality Test

The normality test is conducted to determine whether the research data are normally distributed. In this study, the normality test is performed using the Kolmogorov-Smirnov test.

Table 3. Normality Test Results

Description	Value
N	60
Kolmogorov-Smirnov Z	0.084
Sig.	0.200

Based on the normality test results in Table 3, the significance value is 0.200, which is greater than the significance level of 0.05. Therefore, it can be concluded that the research data are normally distributed.

Multicollinearity Test

The multicollinearity test is conducted to determine whether there is a high correlation among independent variables in the regression model.

Table 4. Multicollinearity Test Results

Variable	Tolerance	VIF
Tax	0.742	1.347
Corporate Governance	0.681	1.468
Bonus Mechanism	0.794	1.259

Based on the results shown in Table 4, all independent variables have tolerance values greater than 0.10 and VIF values less than 10. Therefore, it can be concluded that there is no multicollinearity problem in the regression model of this study.

Heteroscedasticity Test

The heteroscedasticity test is conducted to determine whether there is inequality in the variance of residuals within the regression model.

Table 5. Heteroscedasticity Test Results (Glejser Test)

Variable	Sig
Tax	0.312
Corporate Governance	0.418
Bonus Mechanism	0.276

Based on the results of the heteroscedasticity test in Table 5, all variables have significance values greater than 0.05. Therefore, it can be concluded that there is no heteroscedasticity problem in the regression model of this study.

Autocorrelation Test

The autocorrelation test is conducted to determine whether there is a correlation between residuals in one period and those in another period.

Table 6. Autocorrelation Test Results

Model	Durbin-Watson
Regression	1.984

The Durbin-Watson value of 1.984 falls within the range of 1.5–2.5, indicating that the regression model in this study does not experience autocorrelation.

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to determine the effect of tax, corporate governance, and bonus mechanisms on transfer pricing decisions.

Table 7. Multiple Linear Regression Results

Variable	Coefficient	t	Sig
Constant	0.412	2.675	0.009
Tax	0.118	1.274	0.207
Corporate Governance	-0.356	-3.214	0.002
Bonus Mechanism	0.094	1.012	0.316

Simultaneous Test (F-Test)

The F-test is used to determine whether the independent variables simultaneously influence the dependent variable.

Table 8. F-Test Results

Model	F Value	Sig
Regression	6.842	0.001

The significance value of 0.001 is less than 0.05, indicating that tax, corporate governance, and bonus mechanisms simultaneously influence transfer pricing decisions.

Coefficient of Determination

The coefficient of determination is used to measure the ability of the regression model to explain the dependent variable.

Table 9. Coefficient of Determination

Model	R	R Square	Adjusted R Square
Regression	0.518	0.268	0.234

The Adjusted R Square value of 0.234 indicates that 23.4% of the variation in transfer pricing can be explained by the variables of tax, corporate governance, and bonus mechanisms, while the remaining 76.6% is influenced by other variables outside the research model.

Discussion

The Effect of Tax on Transfer Pricing Decisions

The results of this study indicate that the tax variable does not have a significant effect on transfer pricing decisions in food and beverage sub-sector companies listed on the Indonesia Stock Exchange during the period 2021–2024. This finding suggests that the level of tax burden borne by companies does not directly influence their decisions to conduct transactions with related parties.

Theoretically, tax is often considered one of the main factors encouraging companies to engage in transfer pricing practices. Multinational companies may take advantage of differences in tax rates across countries by shifting profits from countries

with higher tax rates to those with lower tax rates. This strategy is intended to minimize global tax obligations and increase corporate after-tax profits (Sugiharti & Machdar, 2023). However, the results of this study indicate that companies in the food and beverage sector do not consider tax as the primary factor in determining their transfer pricing policies.

One possible explanation for this finding is the increasingly stringent tax regulations governing transfer pricing practices in Indonesia. The government, through the Directorate General of Taxes, has implemented various policies to monitor transactions with related parties, such as the mandatory preparation of transfer pricing documentation. This requirement aims to ensure that intercompany transactions are conducted in accordance with the arm's length principle. These regulations encourage companies to be more cautious in implementing transfer pricing practices that may potentially create tax risks.

In addition, most companies included in the research sample primarily operate in the domestic market. Therefore, the possibility of engaging in cross-border profit shifting is relatively lower compared to multinational companies that have extensive subsidiary networks across different countries. This condition may explain why tax does not become a dominant factor in transfer pricing decisions within food and beverage companies.

The results of this study are consistent with the findings of Fauziah and Saebani (2018), who found that tax does not significantly influence corporate transfer pricing decisions. Similar findings were also reported by Jannah et al. (2022), indicating that tax burdens do not always become the primary determinant of transfer pricing practices. Thus, the findings of this study reinforce previous empirical evidence suggesting that tax factors are not always the main drivers of corporate transfer pricing policies.

The Effect of Corporate Governance on Transfer Pricing Decisions

The results of this study indicate that corporate governance has a significant effect on transfer pricing decisions. In this study, corporate governance is measured through institutional ownership, which reflects the proportion of company shares owned by institutional investors.

Institutional ownership represents an important monitoring mechanism within corporate governance. Institutional investors such as investment companies, banks, and other financial institutions generally possess stronger analytical capabilities and adequate resources to oversee corporate management policies. With stronger monitoring from institutional investors, company management tends to be more cautious in making decisions related to corporate strategic policies, including transfer pricing policies (Fauzi & Ardini, 2021).

From the perspective of agency theory, the relationship between company owners and management may generate conflicts of interest because management typically has greater information about the company's condition compared to the owners. This situation may encourage managers to make decisions that benefit themselves but are not always

aligned with shareholders' interests (Jensen & Meckling, 1976). Therefore, the presence of corporate governance mechanisms such as institutional ownership can function as an effective monitoring tool to reduce opportunistic managerial behavior.

The results of this study indicate that the greater the level of institutional ownership in a company, the stronger its influence on the company's transfer pricing policies. This finding suggests that institutional investors play an important role in supervising corporate management policies to ensure that they remain within the framework of good corporate governance. With stronger monitoring, company management tends to be more transparent and accountable in determining related-party transaction policies.

These findings are consistent with the study conducted by Wijaya and Amelia (2020), which demonstrated that corporate governance has a significant influence on transfer pricing practices. The study suggests that corporate governance mechanisms can affect managerial policies in determining transaction prices among companies that have special relationships. Therefore, the results of this study reinforce the argument that corporate governance plays an important role in controlling corporate transfer pricing practices.

The Effect of Bonus Mechanisms on Transfer Pricing Decisions

The results of this study indicate that bonus mechanisms do not have a significant effect on transfer pricing decisions. This finding suggests that management compensation systems based on corporate profit growth do not directly influence corporate policies regarding transactions with related parties.

Theoretically, bonus mechanisms may serve as one of the factors motivating management to increase corporate profits in order to obtain greater compensation. From the perspective of agency theory, performance-based compensation systems may encourage opportunistic managerial behavior, such as financial statement manipulation or financial decision-making aimed at increasing corporate profits in the short term (Mispiyanti, 2015).

However, the findings of this study indicate that bonus mechanisms do not have a significant influence on corporate transfer pricing practices. This may be due to the presence of relatively strict monitoring from various parties, including external auditors, regulators, and shareholders, which limits the opportunity for management to manipulate transfer pricing policies.

Furthermore, in many modern companies, management compensation systems are not solely based on profit indicators but also consider various other performance indicators such as company growth, operational efficiency, and the achievement of corporate strategic targets. Consequently, management does not focus solely on short-term profit increases but also considers the company's long-term sustainability.

The findings of this study are consistent with those reported by Fauziah and Saebani (2018) and Jannah et al. (2022), which indicate that bonus mechanisms do not

significantly influence corporate transfer pricing decisions. This suggests that management compensation systems are not always a determining factor in corporate transfer pricing policies.

The Simultaneous Effect of Tax, Corporate Governance, and Bonus Mechanisms on Transfer Pricing

The results of the simultaneous test indicate that tax, corporate governance, and bonus mechanisms collectively influence transfer pricing decisions. This finding suggests that transfer pricing practices represent a corporate policy influenced by various interrelated factors.

In this context, corporate governance functions as a monitoring mechanism that controls corporate management policies, while tax and bonus mechanisms represent factors related to the economic interests of both the company and its management. The interaction among these factors may influence how companies determine their related-party transaction policies.

Transfer pricing decisions constitute strategic corporate policies influenced by various managerial considerations, including operational efficiency, compliance with tax regulations, and the monitoring mechanisms implemented within the company. Therefore, transfer pricing practices cannot be explained by a single factor alone but rather represent the result of interactions among various internal and external corporate factors.

The findings of this study indicate that corporate governance plays a relatively dominant role in influencing transfer pricing policies compared to economic factors such as tax and bonus mechanisms. This highlights the importance of implementing sound corporate governance practices in enhancing transparency and accountability in corporate decision-making.

CONCLUSION

This study aims to analyze the effect of tax, corporate governance, and bonus mechanisms on transfer pricing decisions in food and beverage sub-sector companies listed on the Indonesia Stock Exchange during the period 2021–2024. Based on the results of the analysis conducted, several conclusions were obtained.

First, tax does not have a significant effect on transfer pricing decisions. This finding indicates that the level of a company's tax burden does not directly encourage companies to engage in transfer pricing practices. Second, corporate governance has a significant effect on transfer pricing decisions. This finding suggests that institutional ownership, as a corporate governance mechanism, plays an important role in overseeing managerial policies, including transactions with related parties. Third, the bonus mechanism does not have a significant effect on transfer pricing decisions. This indicates that profit-based compensation systems are not the primary factor influencing corporate transfer pricing policies.

Simultaneously, tax, corporate governance, and bonus mechanisms influence transfer pricing decisions. The results of this study indicate that corporate transfer pricing policies are influenced by various factors, particularly corporate governance mechanisms that function to supervise managerial decision-making.

Future research is expected to include additional variables and expand the research object to different industrial sectors in order to obtain a more comprehensive understanding of the factors influencing transfer pricing practices.

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