



Determination of Financial Indicators on Tax Avoidance through Transfer Pricing on Energy Companies

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ABSTRACT

The main problem of the study is about variables in company size and their effect on tax avoidance. Compared to the results when transfer pricing moderates. The focus of the analysis in this is on company size, receivables, debt, costs, profits against tax avoidance through transfer pricing. The study used quantitative methods with secondary data. Data collection through interview techniques and documentation data collection by recording or collecting data on energy companies listed on the IDX for 2018-2022. From a population of 82 companies, a sample of 52 companies was obtained using purposive sampling according to criteria. The data was tested with panel data regression model data using Chow Test and Hausman Test techniques, and also used E-views application. The results of the study found that financial indicators in energy companies, namely: Company Size, receivables, debts, costs, and profits have a significant positive influence on tax avoidance, and when transfer pricing moderates it has a positive affects the financial performance of energy companies on tax avoidance.

INTRODUCTION

Most business transactions in world trade involve multinational companies that have special relationships or affiliated transactions using transfer pricing schemes. Price determination related to transactions between affiliated companies based on special relationships is called transfer pricing (Mardiasmo, 2008). According to (Levey et al., 2006), transfer pricing is defined as the determination of prices in transactions between parties that have a special relationship related to the purchase and sale of goods, services, transfer of intangible assets, leases, and loans. Transfer pricing does not give a negative impression to the party who runs it, but in practice transfer pricing can be applied as an attempt to minimize tax payments in a country, which is often called tax avoidance or tax evasion, by observing and taking legal loopholes in tax jurisdiction so that the company's tax planning activities are not contrary to tax regulations, among others by shifting prices or transferring profits and costs between companies in one group. The practice of transfer pricing causes the potential of state revenue from the taxation sector to be eroded and even lost, it becomes a very crucial problem for developing countries and even poor countries that rely on taxes as the main source of state revenue for the development of the country, therefore many countries make proactive and massive prevention efforts and even conduct inter-state cooperation to prevent and take action against companies that carry out transfer pricing.

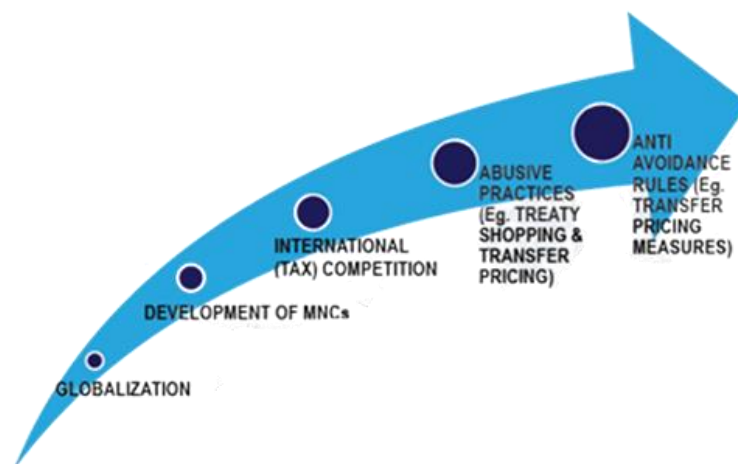


Figure 1. Schematic of the Impact of Economic Globalization on Transfer Pricing

Economic business practices in multinational companies involve several companies conducting international transactions in different countries that apply different rules and policies, so that economic agreements such as tax treaties are needed in the form of Double Tax Avoidance Agreements (P3B) which regulate all matters relating to the distribution of taxation rights from income earned by residents or companies from one of these countries. This P3B explains the income from the source country, namely the country where the source of income comes from and the domicile country, namely the country where the taxpayer resides or resides. P3B has the aim of minimizing and even

avoiding the imposition of double taxation (overpayment of taxes), avoiding tax evasion or avoidance, preventing tax underpayment (tax abuse). The Fig.1 is schematic of the impact economic globalization on transfer pricing.

Transfer pricing causes a reduction or even loss of potential tax revenue in a country due to the behavior of multinational companies to carry out tax planning by shifting their tax obligations from countries with high tax rates to countries with low tax rates (Widyastuti, 2011). In addition to the reasons of tax regulations and policies, transfer pricing practices are also influenced by non-tax motives such as company size in the form of assets and capital ownership, receivables, payables, debt agreement, operational financing, and operating profit, bonus mechanism besides that it is also influenced by external factors such as currency exchange rates, government regulatory policies, and others.

Lyons stated that "Tax avoidance is a term used to describe the legal arrangements of taxpayer's affairs so as to reduce his tax liability". Tax avoidance is a 'tax affairs' engineering that will remain and continue to be implemented by the Company to get around tax payments in tax regulations and policies. Taxpayers carry out tax avoidance by following and complying with applicable tax regulations and policies so that it is legal because it does not violate and is allowed by tax laws and policies. The government cannot prosecute criminal law, even though this tax avoidance practice has an impact on state revenue in the taxation sector (Ngadiman & Puspitasari, 2017).

Tax avoidance practices threaten a country's revenue, the loss of which is conservatively estimated at USD 100-240 billion per year, or 4-10% of Global Corporate Income Tax revenue (OECD, 2023). The average size of OECD countries' tax evasion over the last ten years is 3.2% of official Gross Domestic Product (GDP) (Buehn & Schneider, 2021). Developing countries, including Indonesia, are generally considered vulnerable to tax avoidance practices, due to a lack of legislation and technology.

Research related to the measurement of tax avoidance has intensified in recent years and has identified several appropriate measurement proxies. (Gupta & Newberry, 1997; Rego, 2003; Zimmerman, 1983) adopted the effective tax rate (ETR). (Frank et al., 2009) adopt "the total book tax differences (DTAX)", while (Wilson, 2009) adopts "the discretionary permanent book-tax differences" (BTD).

The determinants of tax avoidance can be measured, one of which is by analyzing the reduction in relative tax revenue compared to accounting income, using the ETR model taking tax avoidance activities from the total tax expense reported in the Financial Statements (Satyadini, 2018). A lower ETR value reflects an increased level of tax avoidance (REGO & WILSON, 2012). Shareholders according to PSAK No. 15 are entities that own shares of 20% or more either directly or indirectly so that the entity is considered to have a significant influence in controlling the company. Majority shareholders as controllers can be owned by private individuals, private and government business entities as well as foreign parties. When the ownership of shares owned by foreign controlling shareholders is getting bigger, foreign controlling shareholders have greater control in determining decisions in the company that

benefit themselves, including pricing policies and the number of transfer pricing transactions (Sari & Mubarak, 2018).

Company size is a value that indicates the size of the company. The size of a company can be known from the company's total assets. The greater the amount of company assets, the greater the size of the company (Wijaya et al, 2009: 82-83). The size of the company will be very important for investors because it will be related to the investment made (A. I. Pujiningsih, 2011). Companies that have large total assets indicate that the company has good prospects in a relatively longer period (Rachmawati & Triatmoko, 2007). This makes managers who lead large companies have less encouragement to carry out earnings management including by transfer pricing because large companies are more concerned by the public so that large companies will be more careful in conducting financial reporting (S. Pujiningsih & Utami, 2011). Therefore, the bigger the company, the less the volume of transfer pricing is possible.

The debt covenant factor may affect the transfer pricing. In accordance with the debt covenant hypothesis, companies that have a high debt ratio prefer to conduct accounting policies that make the company's profit higher. The company's tendency is to choose accounting procedures with changes in reported earnings from the future period to the present period, and one of the practices of changing earnings is transfer pricing.

In the ownership of a company, majority shareholders are in control of the management of the company because they have the advantage of supervising and having better access to information than minority shareholders. In addition, majority shareholders as controllers can determine company decisions or can control management. This causes majority shareholders as controllers to be able to determine decisions that benefit them, without regard to the interests of minority shareholders. This can lead the controlling majority shareholder to engage in tunneling those harmful minority shareholders (Lang et al., 1999). Examples of tunneling are not distributing dividends, selling assets or securities from controlled companies to other owned companies at below-market prices and conducting tax savings i.e. transfer pricing to tunnel profits to owned companies.

The decision to conduct transfer pricing is also influenced by the bonus mechanism. According to (Purwanti, 2010), bonus is an award given by the GMS to members of the Board of Directors if the company earns profit. This bonus system will influence the management to engineer earnings. Managers will tend to take actions that adjust net income to maximize the bonus they will receive. Including by doing transfer pricing.

(Yuniasih et al., 2012), the results showed that tax has a positive effect on transfer pricing. Meanwhile, research conducted by (Diyanty et al., 2012) shows that the higher control rights owned by controlling shareholders allow controlling shareholders to order management to conduct related party transactions that benefit themselves. One of them is by doing transfer pricing. (Yuniasih et al., 2012) found that tunneling incentive positively affects the company's decision to conduct transfer pricing. This is because related party

transactions are more commonly used for wealth transfer purposes than dividend payments because listed companies must distribute dividends to parent companies and other minority shareholders. (Hartati et al., 2015) showed that the bonus mechanism affects the transfer pricing decision and found that there is a tendency for management to utilize transfer pricing transactions to maximize the bonus they receive if the bonus is based on profit. Research conducted by (Pramana, 2014) shows that debt covenants have a significant positive effect on transfer pricing. (Kiswanto, Nancy Purwaningsih, 2014) shows that company size has a negative effect on transfer pricing.

LITERATUR REVIEW

Transfer Pricing Theory

Transfer Pricing is the transfer price of the selling price of goods, services, and intangible assets to subsidiaries or to related parties or have special relationships located in various countries (Astuti, 2008). According to Plasschaet, the definition of Transfer Pricing is a systematic manipulation of prices with the intention of reducing profits, making it appear as if the company is losing money, avoiding taxes or duties in a country. The engineering can utilize the tax rate in a country by shifting the profit to the lowest tax rate (Yuniasih et al., 2012). The definition of Transfer Pricing is the act of allocating profits from a corporate entity in one country to a corporate entity in another country, within a corporate group with the aim of minimizing rather than avoiding taxes (Suandy, 2016).

Company Size

Company Size can be assessed based on Tobin's Q provisions, the model defines Company Size as a combination of tangible and intangible assets. A low Tobin's Q value (between 0 and 1) indicates that the cost of replacing the company's assets is greater than the market value of the company. This indicates that the market undervalues the company. Meanwhile, if the Tobin's Q value of a company is high (more than 1), then the size of the company is greater than the value of the company's listed assets.

Tobin's Q, also known as Q Ratio, is the ratio of the Company Size or market of a company's tangible assets to its replacement cost, or whether the market value of a company is equal to the cost needed to replace the company. Tobin's Q has the advantages of reflecting the assets of a company, reflecting market sentiment such as analysis of a company's prospects or speculation, and overcoming the problem of estimating the profitability or marginal cost of a company (Wright et al., 2011).

$$Q = \frac{(EMV+D)}{EBV+D} \times 100\% \dots \dots \dots (1)$$

Description:

EMV (Market Value of Equity) = P (Closing Price) x Q shares (Number of shares outstanding)

D (Debt) = Book value of total debt

EBV = Book value of total assets

Company Receivable

According to (Sugiri, 2009), receivables are bills that will be received in cash from both individuals and other companies. Meanwhile, according to (Warren, 2005), receivables include all claims for money against other parties, including individuals, companies, or organizations. Receivables are the right to get a certain amount of money from the buyer through the seller, because of a sales transaction with a credit system (Jusuf, 2001). Thus, it can be concluded that receivables are rights or money claims held against other parties, including individuals, companies, or organizations, because of credit sales transactions.

Receivables themselves can usually be measured by financial performance ratios. According to (Kasmir, 2010) *Receivable Turnover* (RTO) is a ratio used to measure how long it takes to collect receivables during one period or how many times the funds invested in these receivables rotate in one period.

$$RTO = \frac{\text{net sales}}{\text{average receivable}} \times 100\% \dots \dots \dots (2)$$

Profit

According to (Harahap, 2009), profit is the residual income after deducting expenses or costs during an accounting period, usually on an annual scale. This process involves matching revenue with related expenses, which results in an unallocated expense allocation liability in the balance sheet. Profit has three important points, namely value, capital, and scale. These three aspects are related to the concept of economic value, which states that a person's perception of the value of a commodity can be different from other individuals due to future earnings (Triyuwono, 2001). Profit itself can be measured one of them by using Return on Asset to see the performance of the company's net profit with the company's assets, Return on Asset according to (Kasmir, 2010) has the main purpose as the basis of information to predict how the company will perform in the future. Its important role certainly requires investors to understand what ROA is and various related things accurately.

$$ROA = \frac{\text{net profit}}{\text{Total Assets}} \times 100\% \dots \dots \dots (3)$$

Transfer Pricing

According to (Fuadah, 2008) transfer pricing can also be called intracompany pricing, intercorporate pricing, interdivisional or internal pricing which is a price calculated for the purposes of management control over the transfer of goods and services between members (group companies). (Pryma, 2017), states that the appropriate indicator in testing transfer prices or transfer pricing is the Berry Ratio, this refers to the OECD (Organization for Economic Co-operation and Development) regulation in 2010. Berry ratio, proposed by American economist, Charles Berry. This indicator may be used when the resale price method is not appropriate to apply due to the absence of uncontrolled transactions (OECD, 2023).

The ratio was recognized in US transfer pricing legislation from the early 1990s (Nations, 2012).

$$\text{Transfer Pricing} = \frac{\text{Gross Profit}}{\text{Operating Expenses}} \dots\dots\dots (4)$$

Tax Avoidance

Tax Avoidance is one of the efforts made by the Company to minimize or even eliminate tax burdens that are still within the framework of tax laws or regulations. The purpose of tax avoidance is to maximize profits by avoiding tax costs. Tax is an element of reducing available profits, both for distribution to shareholders and for investment (Suandy, 2016).

Tax Avoidance is an attempt to avoid taxes with the aim of minimizing the tax burden, among others by transferring corporate profits from corporate income which is a tax object to transactions that are not tax objects, or transferring corporate profits to affiliated group companies with the main objective of minimizing or even eliminating tax liabilities that should be paid. Tax Avoidance measurement uses an effective tax rate, namely the Effective Tax Rate (ETR) or also known as the Cash Effective Tax Rate (CETR) by comparing the company's tax costs to the company's income before tax. ETR can be used to measure tax payments from the cash flow statement, so that it can find out the actual amount of cash that must be paid by the company. ETR is often used as a proxy for Tax Avoidance in several tax studies, because ETR not only reflects domestic tax rates but also worldwide tax expense globally.

A high ETR reflects a low level of Tax Avoidance, and vice versa, for example if the corporate income tax rate is 22%, then if the ETR percentage is close to 22%, the level of tax avoidance carried out by the company is also lower. The ETR calculation formula is as follows:

$$\text{ETR} = \frac{\text{Tax Expenses}}{\text{Earning Before Tax}} \dots\dots\dots (5)$$

METODOLOGY

This research was conducted using quantitative methods, using secondary data in the form of Financial Statements and Annual Reports that have been audited by the Public Accounting Firm, accessed through the Indonesia Stock Exchange website and the company website. The population used in this study are energy companies listed on the Indonesia Stock Exchange (IDX). Researchers did not focus on case study research on a company about the application of transfer pricing as an act of Tax Avoidance, by examining it on the elements of financial statements and some of its business behavior or culture. Because the researcher prefers macroeconomic conditions to examine the financial statements of some companies that indicate a tendency to conduct transfer pricing as part of tax planning efforts for Tax Avoidance.

The sampling technique in this study used the purposive sampling method, which is a sample selection method based on certain criteria. The criteria in question include:

1. Companies listed or listed on the Indonesia Stock Exchange.

2. Energy Sector companies listed on the IDX.
3. Energy companies listed on the IDX before 2018.
4. Report audited financial statements for 5 consecutive years.
5. The company has never been sanctioned or suspended by IDX.

From a population of 82 energy companies listed on the IDX, 52 profiles of company data were selected as samples, because they met the criteria in accordance with the researcher. For companies that use foreign currency (US\$), it is converted to Rupiah using the middle rate on the reporting date of the audited financial statements, which is generally the end of December

Berikan versi yang jelas dan singkat tentang metode Anda dalam melakukan penelitian, populasi dan sampel, dan alat analisis data.

RESULT

Descriptive Statistics

Analysis of financial performance according to what is used is Company Size, receivables, payables, costs, and profits, as for results of data processing can be seen in table 4.

Table 1. *Descriptive Statistics*

Variables	N	Min	Max	Mean	Std. Deviation
Company Value	260	0,14	1,35	0,446	0,339
Receivables	260	0,13	0,09	0,740	0,447
Debt	260	0,11	0,21	0,918	0,591
Cost	260	0,00	0,39	0,101	0,089
Profit	260	0,00	0,53	0,097	0,088
Transfer Pricing	260	0,00	1,10	0,752	0,340

Based on the result in table 4, In the Company Size Variable with the Tobin's Q ratio, the minimum value is 0.14, the maximum value is 1.35, the average value is 0.446, and the standard deviation is 0.339 with 260 observational data. The average value is greater than the standard deviation, which shows pretty good results. This is to ensure that the data distribution provides normal results and does not cause bias.

In the Receivable Variable by waiting for the Turnover Receivable ratio, the minimum value is 0.13, the maximum value is 0.09, the average value is 0.740, and the standard deviation is 0.447 with a total observation data of 260. The average value is greater than the standard deviation, which shows pretty good results. This is to ensure that the data distribution provides normal results and does not cause bias.

In the Debt Variable by waiting for the Debt Ratio, the minimum value is 0.11, the maximum value is 0.21, the average value is 0.918, and the standard deviation is 0.591 with 260 observational data. The average value is greater than the standard deviation, which shows pretty good results. This is to ensure that the data distribution provides normal results and does not cause bias.

In the Cost Variable, the minimum value is 0.00, the maximum value is 0.39, the average value is 0.101, and the standard deviation is 0.089 with 260 observational data. The average value is greater than the standard deviation,

which shows pretty good results. This is to ensure that the data distribution provides normal results and does not cause bias.

In the Earnings Variable, the minimum value is 0.00, the maximum value is 0.53, the average value is 0.097, and the standard deviation is 0.088 with 260 observational data. The average value is greater than the standard deviation, which shows pretty good results. This is to ensure that the data distribution provides normal results and does not cause bias.

In the Transfer Pricing Variable, the minimum value is 0.00, the maximum value is 1.10, the average value is 0.752, and the standard deviation is 0.340 with 260 observations. The average value is greater than the standard deviation, which shows quite good results. This is to ensure that the data distribution provides normal results and does not cause bias.

Validity test

The instrument is said to be valid if the number $r_{count} > r_{table}$. The technique used for this validation test is Pearson's "product moment correlation" with a 95% confidence level ($\alpha = 0.05$). To test whether each indicator is valid or not, it can be seen in the Table 2.

Table 2. Validity Test

Variables	R Count	R Table	Ket
X1	0,151	0,126	Valid
X2	0,231	0,126	Valid
X3	0,982	0,126	Valid
X4	0,319	0,126	Valid
X5	0,415	0,126	Valid
Y	0,456	0,126	Valid
Z	0,781	0,126	Valid

From Table 2, it can be seen that all items of the research variable have $r_{count} > r_{table}$ at a significant level of 5% ($\alpha = 0.05$), it can be seen that the r count of each item is greater than 0.126 so it can be seen that all items of the research variable are valid.

Normality test

Data normality testing in this study was carried out using the One-Sample Kolmogorov-Smirnov Test method which can be seen in the figure and Table 3.

Table 3. Normality Test

Methods	Value
Skewness	-0,42
Kurtois	3,15
Jarque Bera	1,05
Probability	0,62
Conclusion	0.62 > 0.05 Then the Data is Normally Distributed

Table 3 shows that the probability value exceeds 0.05, so it can be concluded that the data used is normally distributed and is suitable for the next stage.

Multicollinearity Test

Multicollinearity testing is seen from the value of the correlation coefficient results. In the panel data regression analysis, namely:

Table 4. Multicollinearity Test

Variables	Correlation Coefficient			Conclusion
	Coefficient	Sym	Reference	
X1 Company Size	0,082	<	0,7	No Multicollinearity
X2 Receivables	0,014	<	0,7	No Multicollinearity
X3 Cost	0,018	<	0,7	No Multicollinearity
X4 Cost	0,036	<	0,7	No Multicollinearity
X5 Profit	0,009	<	0,7	No Multicollinearity

From the Table 4, all variables have a correlation coefficient value <0.7, so it can be assumed that all variables are free from multicollinearity.

Heteroscedastisity Test

The heteroscedasticity test in this study was used to determine whether the data regression model had symptoms of heteroscedasticity.

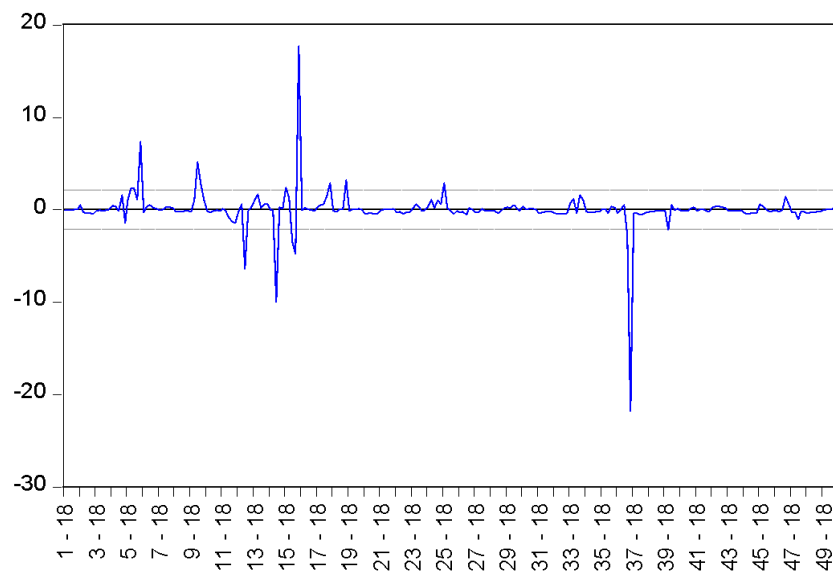


Figure 2. Heteroscedasticity test

Based on the residual graph (Fig. 2), the limits (500 and -500) mean that the residuals are the same. And on the graph, the residual value that the upper limit is 20 and the lower limit is -30 where the limit value does not cross the

boundaries (500 and -500) therefore it can be stated that there are no symptoms of heteroscedasticity.

Autocorrelation Test

This autocorrelation test uses the Durbin Watson test and looks at the significance of Durbin-Watson. With conditions:

- $d < -2$, means there is negative autocorrelation.
- $-2 \leq d \leq +2$, meaning there is no autocorrelation.
- $d > +2$, means there is positive autocorrelation

Table 5. Autocorrelation test

Probability	Value	Conclusion
Durbin Watson	1,43	No Autocorrelation

Table 5 shows the Durbin Watson value of 1.43, so the value is not less than - 2, and does not exceed 2, the conclusion is that the data used does not occur autocorrelation symptoms and the data used is significant between residuals or there is no error in the regression model.

Chow Test

Chow test as a test to determine between two models, namely the fixed effect or random effect model that best estimates the data.

Table 6. Chow Test

Chow Test	Value	Results
H0: Common Effect Model (CEM) > 0.05	0,13	CEM
Ha: Fixed Effect Model (FEM) < 0.05		

Table 6 explains that in the chow test the best approach is the common effect model (CEM), which means that H0: is accepted because the probability is $0.13 > 0.05$ with the proposed approach chosen Fixed Effect Model (FEM).

Huasman Test

The Hausman test, which is a statistical test to choose whether the fixed effect or random effect model is the most appropriate to use.

Table 7. Hausman Test

Hausman Test	Value	Results
H0: Random Effect Model (REM) > 0.05	0,2	REM
Ha: Fixed Effect Model < 0.05		

Table 7 shows that the Hausman test chooses a better approach is the Random effect model (REM), which means Ha: accepted because the probability is $0.22 > 0.05$ with the proposed approach chosen Random effect model (REM).

Lagrange Multiplier Test

The Lagrange multiplier test aims to test whether the random effect or common effect model is the most appropriate to use.

Table 8. Lagrange Multiplier Test

Lagrange Multiplier Test	Value	Results
H0 : Common Effect Model (CEM) > 0.05	0,376	CEM
Ha: Random Effect Model (REM) <0.05		

Table 8 shows that the Hausman test chooses a better approach is the Common Effect Model (CEM), which means H0: accepted because the probability is $0.376 > 0.05$ with the proposed approach chosen Common Effect Model (CEM). (Napitulu et al., 2021: 138-139)

Panel Data Regression

The results of the chow, Hausman, and Lagrange multiplier tests show that the dominant approach chosen is the Common Effect Model (CEM), so the panel data regression is run using the Common Effect Model (CEM) approach with the following equation:

$$Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 X_{5it} + \beta_6 X_{1Zit} + \beta_7 X_{2Zit} + \beta_8 X_{3Zit} + \beta_9 X_{4Zit} + \beta_{10} X_{5Zit} + \beta_{11} Z_{it} + \epsilon_{it}$$

Description:

- Y = The dependent variable (Transfer Pricing)
- a = A constant number
- $\beta_{1,2,3, \text{etc.}}$ = Line direction coefficient
- X1 = Company Size
- X2 = Receivables
- X3 = Debt
- X4 = Cost
- X5 = Profit
- X5 = Profit
- Z = Moderated by Tax Avoidance

Table 9. *Panel Data Regression (CEM)*

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.497	0.150	3.307	0.001
X1	0.201	0.916	0.719	0.026
X2	0.230	0.029	7.891	0.000
X3	0.911	0.247	0.441	0.000
X4	0.132	0.001	0.458	0.047
X5	0.473	0.134	0.909	0.000
X1_Z	0.879	1.425	0.317	0.009
X2_Z	0.619	0.048	0.819	0.031
X3_Z	0.312	0.001	0.412	0.001
X4_Z	0.764	0.002	0.164	0.000
X5_Z	0.538	0.089	0.751	0.011
Y_Z	0.916	0.003	0.918	0.003
R-squared	0.197	Mean dependent var		0.164
Adjusted R-squared	0.188	S.D. dependent var		2.361

S.E. of regression	2.128	Akaike info criterion	4.363
Sum squared resid	1159.348	Schwarz criterion	4.418
Log likelihood	563.2651	Hannan-Quinn criterion.	4.385
F-statistic	21.018	Durbin-Watson stat	1.435
Prob(F-statistic)	0.000		

$$Y = 0.497 + 0.210*X1 + 0.230*X2 + 0.911*X3 + 0.132*X4 + 0.473*X5 + 0.879*X1 Z + 0.619*X2 Z + 0.312*X3 Z + 0.764*X4 Z + 0.538*X5 Z + 0.916*Z$$

From the panel data regression results with the Common Effect Model (CEM) (Table 9) approach above results in a positive constant value of 0.497, this shows a positive influence, if significant <0.05 then the potential transfer pricing will increase by 0.497 and it can be stated that all results are quite good.

The coefficient value of the Company Size variable (X1) obtained a positive result of 0.201, meaning that any increase or decrease in Company Size (X1), the potential transfer pricing (Y) will increase by 0.201.

The coefficient value of the receivables variable (X2) obtained a positive result of 0.230, meaning that any increase or decrease in receivables (X2), the potential transfer pricing (Y) will increase by 0.230.

The coefficient value of debt variable (X3) obtained a positive result of 0.911 means that any increase or decrease of debt (X3), then transfer pricing (Y) will increase by 0.911.

The coefficient value of the cost variable (X4) obtained a positive result of 0.132 means that any increase or decrease of the cost (X4), then the transfer pricing (Y) will increase by 0.132.

The coefficient value of profit variable (X5) obtained a positive result of 0.473 means that any increase or decrease of profit (X5), then transfer pricing (Y) will increase by 0.473.

The coefficient value of Transfer Pricing variable moderating Company Size (X1) by Tax Avoidance obtained a positive result of 0.879 means that any increase or decrease of the Transfer Pricing variable moderating Company Size (X1) by Tax Avoidance, then the potential of transfer pricing (Y) moderating Company Size (X1) by Tax Avoidance (Z) will increase by 0.879.

T-test

According to (Ghozali, 2018), The t test is an individual regression coefficient test used to determine whether the independent variable (X1) individually affects the dependent variable (Y). Based on the table 10, hypothesis testing is as follows:

Table 10. T test

Variables	t count	t table	Sig.	Desc.
Company Size (X1) to (Y)	0.719	0.104	0.026	H1 : accepted
Receivables (X2) to (Y)	7.891	0.104	0.000	H2 : accepted
Debt (X3) Against (Y)	0.441	0.104	0,000	H3 : accepted

Variables	t count	t table	Sig.	Desc.
Cost (X4) to (Y)	0.458	0.104	0.047	H4 : accepted
Profit (X5) to (Y)	0.909	0.104	0.000	H5 : accepted
Moderation of Company Size (X1) on (Y) by (Z)	0.317	0.104	0.009	H6: accepted
Moderation of Receivables (X2) on (Y) by (Z)	0.819	0.104	0.031	H7: accepted
Debt Moderation (X3) on (Y) by (Z)	0.412	0.104	0.001	H8: accepted
Moderation of Cost (X4) on (Y) by (Z)	0.164	0.104	0.000	H9: accepted
Moderation of Profit (X5) on (Y) by (Z)	0.751	0.104	0.011	H10: accepted
Transfer Pricing (Y) to Tax Avoidance (Z)	0.918	0.104	0.003	H11: accepted

Hypothesis testing 1 (H1)

H1: Company Size has a positive and significant effect on *Tax Avoidance*.

Based on the table above, the results of the t statistical test on variable X1 obtained the t value > t table ($0.719 > 0.104$) and the significance value < 0.05 ($0.026 < 0.05$) then there is a significant positive effect. This means that Company Size has a significant positive effect on Tax Avoidance for Energy Company Taxpayers listing on the IDX in 2018-2022. Which means H1 is accepted and H0 is rejected.

Hypothesis testing 2 (H2)

H2: Receivables have a positive and significant effect on *Tax Avoidance*.

Based on the table above, the results of the t statistical test on the X2 variable obtained the t value > t table ($7.891 > 0.104$) and the significance value < 0.05 ($0.00 < 0.05$) then there is a significant positive effect. This means that Receivables has a significant positive effect on Tax Avoidance of Energy Company Taxpayers listing on the IDX in 2018-2022. Which means H2 is accepted and H0 is rejected.

Hypothesis testing 3 (H3)

H3: Debt has a positive and significant effect on *Tax Avoidance*.

Based on the table above, the results of the t statistical test on variable X3 obtained the value of t count > t table ($0.441 > 0.104$) and significance < 0.05 ($0.00 < 0.05$), then there is a significant positive effect. Debt has a significant positive effect on Tax Avoidance of Energy Company Taxpayers listing on the IDX in 2018-2022. Which means H3 is accepted and H0 is rejected.

Hypothesis testing 4 (H4)

H4: Cost has a positive and significant effect on *Tax Avoidance*.

Based on the table above, the results of the t statistical test on variable X4 obtained the value of t count > t table ($0.458 > 0.104$) and a significance value < 0.05 ($0.047 < 0.05$), then there is a significant positive effect. Cost has a

significant positive effect on Tax Avoidance of Energy Company Taxpayers listing on the IDX in 2018-2022. Which means H4 is accepted and H0 is rejected.

Hypothesis testing 5 (H5)

H5: Profit has a positive and significant effect on *Tax Avoidance*.

Based on the table above, the results of the t statistical test on variable X5 obtained the value of $t_{count} > t_{table}$ ($0.909 > 0.104$) and a significance value < 0.05 ($0.00 < 0.05$), then there is a significant positive effect. This means that Profit has a significant positive effect on Tax Avoidance for Energy Company Taxpayers listing on the IDX in 2018-2022. Which means H5 is accepted and H0 is rejected.

Hypothesis testing 6 (H6)

H6: *Transfer Pricing* in moderating Company Size has a positive and significant effect on *Tax Avoidance*.

Based on the table above, the results of the t statistical test on variable X1 moderated obtained the value of $t_{count} > t_{table}$ ($0.317 > 0.104$) and a significance value < 0.05 ($0.009 < 0.05$), then there is a significant positive effect of the moderation variable. This means that Company Size has a significant positive effect on Corporate Tax Avoidance moderated by transfer pricing Energy listing BEI 2018-2022. Which means H5 is accepted and H0 is rejected.

Hypothesis testing 7 (H7)

H7: *Transfer Pricing* in moderating Receivables has a positive and significant effect on *Tax Avoidance*.

Based on the table above, the results of the t statistical test on the variable X2 Moderated obtained the value of $t_{count} > t_{table}$ ($0.819 > 0.104$) and a significance value < 0.05 ($0.031 < 0.05$), then there is a significant positive effect of the moderation variable. This means that the company's receivables have a significant positive effect on Corporate Tax Avoidance moderated by transfer pricing Energy listing BEI 2018-2022. Which means H7 is accepted and H0 is rejected.

Hypothesis testing 8 (H8)

H8: *Transfer Pricing* in moderating Debt has a positive and significant effect on *Tax Avoidance*.

Based on the table above, the results of the t statistical test on the X3 Moderated variable obtained the value of $t_{count} > t_{table}$ ($0.412 > 0.104$) and a significance value < 0.05 ($0.001 < 0.05$), then there is a significant positive effect of the moderation variable. This means that corporate debt has a significant positive effect on Corporate Tax Avoidance moderated by transfer pricing Energy listing BEI 2018-2022. Which means H8 is accepted and H0 is rejected.

Hypothesis testing 9 (H9)

H9: *Transfer Pricing* in moderating Cost has a positive and significant effect on *Tax Avoidance*.

Based on the table above, the results of the t statistical test on the X3 Moderated variable obtained the value of $t_{count} > t_{table}$ ($0.164 > 0.104$) and a significance value < 0.05 ($0.000 < 0.05$), then there is a significant positive effect of the moderation variable. This means that company costs have a significant positive effect on Corporate Tax Avoidance moderated by transfer pricing Energy listing BEI 2018-2022. Which means H9 is accepted and H0 is rejected.

Hypothesis testing 10 (H10)

H10: *Transfer Pricing* in moderating Profit has a positive and significant effect on *Tax Avoidance*.

Based on the table above, the results of the t statistical test on the X4 Moderated variable obtained the value of $t_{count} > t_{table}$ ($0.751 > 0.104$) and a significance value < 0.05 ($0.011 < 0.05$), then there is a significant positive effect of the moderation variable. This means that company profit has a significant positive effect on Corporate Tax Avoidance moderated by transfer pricing Energy listing BEI 2018-2022. Which means H10 is accepted and H0 is rejected.

Testing hypothesis 11 (H11)

H11: *Transfer pricing* has a positive and significant effect on *Tax Avoidance*.

Based on the table above, the results of the t statistical test on variable Y obtained the value of $t_{count} > t_{table}$ ($0.918 > 0.104$) and the significance value < 0.05 ($0.003 < 0.05$) then there is a significant positive effect. This means that transfer pricing has a significant positive effect on Tax Avoidance of Energy Company Taxpayers listing on the IDX in 2018-2022. Which means H11 is accepted and H0 is rejected.

DISCUSSION

From research on 52 company profiles engaged in the energy sector, the Company Size factor affects Tax Avoidance. The results concluded that between company size and tax avoidance had a positive and significant effect. This is supported by research from (Panjaitan & Simbolon, 2022), stating that the intensity of fixed assets affects tax avoidance. This research proves that the greater the fixed assets owned by the company there will be a tendency for the company to shift assets to other group companies, among others, intended to do tax planning with the aim of minimizing taxes by disguising dividends. Selian itu with the greater use of fixed assets for operational activities of the company, causing the burden of depreciation of fixed assets will be a deduction of profit, and will affect the amount of tax to be paid, and this will also affect the level of tax avoidance.

While the accounts receivable factor on tax avoidance has a significant effect supported by research by (Pramiana, 2022), stating that there is a significant positive effect of transfer pricing on tax avoidance, there is a significant positive effect of earning management on tax avoidance and there is a significant positive effect of capital intensity on tax avoidance. In addition, other research conducted by (Paramaveda, 2021) states that the analysis shows that related party purchase transactions and related party receivable transactions have a positive effect on tax

avoidance, while related party sales transactions and related party debt transactions have no effect on tax avoidance.

The cost factor on tax avoidance is influential and significant. Supported by research conducted by (Pohan, 2019), which states that the difference in book tax, the effect of sales is positive and significant, institutional ownership and deferred tax expense have no effect on the difference in book tax, simultaneously all factors have a significant effect on book-tax.

Profit on tax avoidance has an effect in accordance with research conducted by (Pajriyansyah & Firmansyah, 2017). which states that multiple regression of panel data shows that there is a significant relationship between leverage and earnings management on tax avoidance. Meanwhile, loss carry forward does not show a significant relationship to tax avoidance.

Transfer pricing on tax avoidance strategies has a positive and significant effect, in line with the results of research conducted by (Wijaya & Rahayu, 2021), which states that transfer pricing aggressiveness has a positive effect and institutional ownership has a negative effect on tax avoidance, while tax haven has no effect on tax avoidance. In addition, moderation in tax audits can weaken the positive effect of transfer pricing aggressiveness on tax avoidance. However, tax audit does not weaken the positive effect of tax havens and does not strengthen the negative effect of institutional ownership on tax avoidance.

CONCLUSIONS AND RECOMENDATIONS

practice involves tax planning, particularly in the application of transfer pricing by moving assets to other group companies to reduce tax payments, including disguising dividend taxes. In addition, greater use of fixed assets in the company's operational activities can cause the depreciation expense of fixed assets to increase, which in turn affects the amount of tax to be paid. This study shows that companies tend to practice tax avoidance when they have large receivables. This practice is often carried out by multigroup or multinational companies that provide receivables to affiliated companies with special relationships, which results in a shift in loan assets without withholding interest tax to affiliated companies. This study shows that companies tend to practice tax avoidance when they have large debts. This practice is generally carried out by multinational companies that have both long-term and short-term debt from related or affiliated companies, with the aim of reducing operating income and tax payment obligations.

This research proves that when corporate costs increase, it tends to encourage companies to engage in tax avoidance. Many companies adopt this strategy by reporting higher operating costs than they should, in the hope of reducing net income before tax and tax payment obligations. This study proves that companies tend to practice tax avoidance when their profits are getting bigger. Multigroup or multinational companies often implement tax avoidance by utilizing accounts payable from affiliated companies to reduce net operating income and reduce tax payment obligations. This research proves that companies that apply transfer pricing practices tend to do tax avoidance. Multinational companies use transfer pricing as part of tax planning, calculate and analyze cost and profit transfers globally, and consider tax regulations. Corporate leaders, at a macro level, tend to choose the smallest tax payment option for the overall corporation, even if it involves sacrificing some companies as cost allocation centers to reduce operating profit and tax burden. This can involve a strategy of selecting locations with low or high tax rates based on corporate profits.

ADVANCED RESEARCH

This research still has limitations so it is necessary to carry out Advanced Research related to the topic " Determination of Financial Indicators on Tax Avoidance through Transfer Pricing on Energy Companies" to perfect this research, as well as increase insight for readers.

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