Formosa Journal of Multidisciplinary Research (FJMR)
Vol. 3 No. 7, 2024: 2587-2602

Institutional Ownership as a Moderating Variable of Transfer Pricing, Sales Growth, and Earnings Management on Tax Avoidance

Egi Mulia Asa Sukowati[1], Siti Sundari[2]*
Faculty of Economics and Business, Universitas Pembangunan Nasional "Veteran" Jawa Timur, Indonesia
Corresponding Author: Siti Sundari sitisundari.ak@upnjatim.ac.id

A R T I C L E I N F O

Keywords: Transfer Pricing, Sales Growth, Earnings Management, Institutional Ownership

Received : 12, June
Revised : 26, June
Accepted: 24, July

A B S T R A C T

This study aims to test and analyze the presumed factors that influence tax avoidance, namely transfer pricing, sales growth, and earnings management by considering institutional ownership as a moderating variable. The population used in this study are property and real estate companies listed on the IDX 2018-2022. This research uses purposive sampling which considers certain criteria that match the research needs. The data analysis technique of this research was performed using the SEM-PLS method. The findings showed that transfer pricing and earnings management did not contribute to tax avoidance. In contrast, an increase in sales growth can reduce tax avoidance practices. Institutional ownership cannot moderate the influence of transfer pricing, sales growth, and earnings management on tax avoidance.

DOI: https://doi.org/10.55927/fjmr.v3i7.10109
ISSN-E: 2829-8896
https://journal.formosapublisher.org/index.php/fjmr

INTRODUCTION

The progress of a country can be judged by several indicators, such as the economic prosperity of the people. Economic growth reflects developments in life, industry, infrastructure, and more. The level of economic progress of a country can be an attraction for other countries to establish cooperative relations. Especially now that the Indonesian economy is experiencing difficult economic growth after Covid-19. In the Indonesian economy according to the State Budget (APBN), one of the largest sources of income is taxes. tax revenue in Indonesia dominates state revenue with a portion exceeding 75 percent each year, as seen in Table 1 regarding the tax revenue received each year.

Table 1. Tax Revenue in the 2018-2022 State Budget
(In Billion Rupiah)

Year	Tax Revenue	Total Revenue	Total Tax Revenue Percentage
2018	1.518.790	1.943.675	78,14%
2019	1.546.142	1.960.634	78,86%
2020	1.285.136	1.647.783	77,99%
2021	1.547.841	2.011.347	76,96%
2022	1.924.938	2.436.878	78,99%

Source: www.bps.go.id

Indonesia's Gross Domestic Product (GDP) is low in comparison to the rest of the G20 countries. This is because tax revenue in Indonesia to Gross Domestic Product (GDP) is still far from the average of most G20 countries. In a situation that supports the growth of the firm's production and activities, one of the aspects that needs to be continuously followed is the company's strategy. Corporate strategy aims to achieve the main results of increasing profits and reducing expenses, including in terms of tax payments. Meanwhile, not much has changed in the development of tax regulations that impose taxes on the profits of global companies. In addition, differences in importance between the company and the government can also be a contributing factor to tax avoidance.

Tax avoidance is a form of obstacle in the tax collection process, so that a reduction in cash revenue occurs in the country. This practice is considered legal because it does not violate tax regulations, in contrast to tax smuggling which is illegal. The problem arises due to the limited capacity of the tax authorities. At the G20 event, Sri Mulyani explained that many developing countries are threatened by tax evasion, which hinders economic growth and reduces state revenues (Hidranto, 2023).

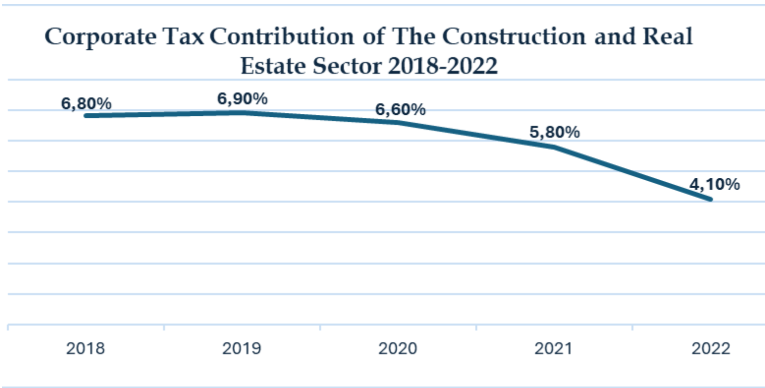

Figure 1. Corporate Tax Contribution of The Construction and Real Estate 2018-2022
Source: www.kemenkeu.go.id

Based on Azzahra (2023), construction and real estate sector companies contributed the lowest tax revenue in 2021-2022. This sector contributed around 4.1% of total GDP. In 2022, the tax ratio in this sector decreased to 3.5%. This low tax revenue is due to the poor performance of these sectors. Based on Figure 1, the Construction and Real Estate Sector contributed to state revenue in 2018-2022. In 2019, the tax contribution increased. However, the contribution made by the construction and real estate sectors in tax revenue in 2019-2022 continued to decline. Even in 2022, the tax contribution made was only 4.10%.

One of the factors that can affect tax avoidance is transfer pricing. In a study conducted by Pamungkas & Setyawan (2022), it was stated that companies can use transactions with related parties to avoid paying taxes through setting transfer pricing that are not in accordance with fair market prices. This often occurs in countries with low tax rates, where the entities involved in the transaction have a special relationship. However, these findings are not in line with research by Rohmah & Romadhon (2023) which concluded that transfer pricing have no contribution on tax avoidance efforts because the products traded are semi-finished goods, whose selling prices are set lower for the benefit of competitors or to obtain profits higher than the Cost of Goods Manufactured (COGS).

In addition, another factor that affects tax avoidance is sales growth. Research conducted by Ariesta & Purwaningsih (2022) explains that sales growth is a way for companies to measure how well the company's sales level is. Companies with increasing sales levels will face a greater tax burden, thus encouraging them to look for ways to reduce tax liabilities. However, research carried out by Sawitri et al. (2022) states that high company profits do not always come from high sales growth, so company management will not need to carry out tax avoidance strategies.

Furthermore, there are other factors in the research conducted by Rifai & Atiningsih (2019), namely earnings management. Managers who do utilize earnings management to avoid taxes will manage earnings as desired to reduce taxes. Companies avoid taxes through earnings manipulation with personal profit-seeking factors that act to maximize their personal economic benefits

(Amidu, et al., 2019). However, in contrast to research conducted by Arizah et al. (2024) states that earnings management used for tax avoidance strategies is considered to have a negative influence on the company, both sanctioned in the form of fines and threatening the company's reputation, so the company will avoid this action.

In connection with management, company performance also has a relationship with shareholders. Shareholders have the right to supervise the company. In agency theory, management has the authority to make decisions on behalf of shareholders, although sometimes there is a conflict of information between the two (Jensen & Meckling, 1976). A company has several shareholders, one of which is institutional ownership. Where institutional ownership shares are shares owned by other institutions. Its role is very important in reducing agency conflicts by overseeing management actions, to effectively safeguard the interests of shareholders.

Based on the phenomenon of efforts to reduce tax liabilities and various previous studies that produce mixed findings, researchers are attracted to conduct a study that aims to determine whether tax avoidance is influenced by transfer pricing, sales growth, and earnings management. At the same time knowing whether institutional ownership can moderate the effect of transfer pricing, sales growth, and earnings management on tax avoidance.

LITERATURE REVIEW

Agency Theory

Agency theory is defined as the relationship between shareholders (principal) and managers (agent) to carry out work on their behalf, including decision-making authority in managing their business to the maximum (Jansen & Meckling, 1976). This is because shareholders are not directly involved in managing their company. The main goal of a business is to make a profit. In a company, of course, there is a network of contracts involving contractual relationships with investors, suppliers, consumers, creditors, and related parties (Amidu et al., 2019).

Tax avoidance

Tax avoidance is an effort to legally decrease tax obligations using flawed tax regulations, aiming to decrease the amount of tax to be remitted (Henny, 2019). Companies take advantage of this to avoid deviant or illegal actions but can realize the maximization of tax costs incurred. According to Putranti in Rifai & Atiningsih (2019), tax avoidance actions are divided into three things, namely delaying revenue receipt, conducting tax arbitrage by utilizing differences in tax rates related to individual taxpayers, and conducting tax arbitrage to benefit from different tax treatments.

Transfer Pricing

Transfer pricing is the process of moving taxable income within a multinational group of companies (Darussalam et.al., 2022: 9). This practice includes the transfer of taxable income from one company to another within the same group, especially in a country with reduced tax rates. Transfer pricing is one of the legal policies, if the actions taken are in accordance with the regulations or provisions that have been made. A fair price agreement is the result of a bargaining process that is affected by various factors and the impact is difficult to predict accurately.

Sales Growth

Sales growth is a description of annual changes in financial statements that can provide an overview of potential profitability in the future (Hermi & Petrawati, 2023). In the business world, the company's goal is to maximize profits from the revenue received. Profits can encourage companies to continue to increase sales from year to year to get higher profits than the previous year. Sales are income that has a considerable influence on company operations.

Earnings management

According to Jaya (2021: 1), the definition of earnings management is a special skill in changing data in the company's financial statements. This action is performed by managers to beautify, make attractive, and give a convincing impression on financial reports for stakeholders. This definition is the same as that put forward by Schipper in Herianti et al. (2023: 39), saying that earnings management refers to management's efforts to use strategic considerations when preparing financial statements with the aim of confusing the assessment of company performance by decision makers or influencing income contracts based on financial statement information.

Institutional Ownership

According to Nofiani & Gunawan in Rahmawati & Asalam (2022), institutional ownership refers to shares owned by corporate entities. Share ownership by institutional investors from outside the company is considered to have the ability to manage company management. Institutional ownership generally has sufficient knowledge and resources and is broader than individual investors (Pratomo & Nuraulia, 2021). Management supervision is one of the authorities of institutional ownership.

The Effect of Transfer Pricing on Tax Avoidance

Transfer pricing occurs when there is a special relationship between the parties involved in the transaction, either between different entities or within a group of companies. Based on agency theory, managers can take advantage of their position for personal gain by managing company operations, including looking for opportunities in tax regulations to reduce taxes owed by manipulating purchase and sale prices. According to Darussalam et al. (2022: 9), transfer price manipulation is a price set to avoid government control and take advantage of regulations and tax rates differences between countries.

H1: Transfer pricing effect to tax avoidance

The Effect of sales growth on tax avoidance

Sales growth reflects annual changes in financial statements that indicate potential future profits (Hermi & Petrawati, 2023). Every year, companies try to increase sales to achieve profits. Based on agency theory, in a company, the management tries to reduce taxes paid. Although sales are increasing, management is looking for ways to minimize the tax burden. Larger sales volumes increase profits and taxes, so management tends to avoid higher taxes.

H2: Sales growth effect to tax avoidance

The effect of earnings management on tax avoidance

Earnings management is the action of managers to meet their personal interests by maximizing costs or utilities and welfare in contracts with shareholders (Henny, 2019). Managers' motivations in carrying out earnings management vary between companies. First, companies use earnings management for the internal interests of the organization. Second, companies try to avoid taxes. Based on agency theory, management reduces taxes by utilizing tax regulation loopholes so that the tax burden is reduced, and their compensation is not affected. One way is to manage the company's debt instruments and costs, and influence income through accounting policies that support profit maximization, as explained by Wijaya & Hidayat in Wulandari et al.

H3: Earnings management effect to tax avoidance

Institutional Ownership Moderates the Effect of Transfer Pricing on Tax Avoidance

Transfer pricing is an agreement in the pricing policy of transactions between special relationship companies. According to agency theory, management can utilize transfer pricing for personal gain, such as reducing income by reducing transaction prices. Therefore, effective supervision from shareholders, especially institutional ownership, is needed to ensure that transfer pricing are in accordance with the fairness principle. Institutional ownership is generally in line with the firm's objective to avoid the negative risks of inappropriate transfer pricing practices, which could be perceived as tax avoidance and harm the firm in the future. A high rate of institutional stock ownership also increases oversight of management policies.

H4: Institutional ownership can moderate the influence of transfer pricing on tax avoidance

Institutional Ownership Moderates the Effect of Sales Growth on Tax Avoidance

An increase in sales volume in a company not only increases profits but also increases the tax burden. This encourages management to implement aggressive tax management practices for further profit. According to agency theory, institutional ownership tends to supervise management more closely. Pratomo & Rana (2021) state that significant institutional ownership is important because it can increase supervision and reduce management efforts to avoid taxes. A high level of institutional ownership reduces the likelihood of management pursuing an aggressive tax policy.

H5: Institutional ownership can moderate the influence of sales growth on tax avoidance

Institutional Ownership Moderates the Effect of Earnings Management on Tax Avoidance

Earnings management is the act of choosing accounting policies to achieve certain goals, such as reducing taxes. According on agency theory, management who wants to reduce taxes will take advantage of tax rule loopholes to determine the desired profit. Managers have an ethical responsibility to optimize financial results for interested parties and obtain compensation according to the contract. They often utilize company information for personal gain. Institutional ownership in the company can help monitor and balance management actions. The higher the institutional ownership, the tighter the supervision of managers to avoid tax reduction practices that harm the company.

H6: Institutional ownership can moderate the effect of earnings management on tax avoidance

Based on the theoretical basis that has been explained, the structure of this research framework is as follows

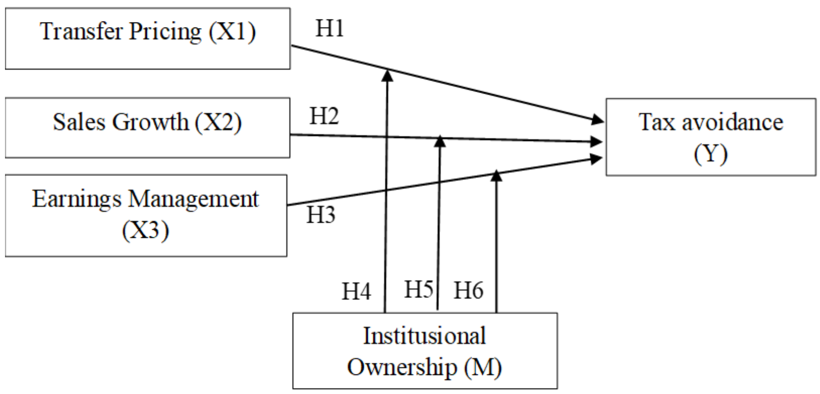

Figure 2. Framework of Thought

METHODOLOGY

This study utilizes a quantitative approach. This study uses the population of property and real estate sector companies listed on the IDX in 2018-2022. This research uses purposive sampling which considers certain criteria that match the research needs. There are 9 companies that are determined according to the criteria. Therefore, the total observation data used is 45 data. In this study, analysis and hypothesis testing were performed on Structural Equation Modeling - Partial Least Square (SEM-PLS). The analysis used includes inner model analysis (convergent validity, discriminant validity, and reliability test), outer model analysis (R-square), and hypothesis testing. In this study, data analysis was carried out using the WarpPLS 8.0 application which was operated via computer.

RESEARCH RESULT

Convergent Validity

The convergent validity test is used to assess the validity of a relationship between indicators and their constructs. In assessing convergent validity, you can see the loading factor value, if the independent variable exceeds> 0.7, it means that the variable is declared valid.

Table 2. Loading Factor Value

Variable	Loading Factor Value
TP	1,000
SG	1,000
EM	1,000
INST	1,000
CETR	1,000
INST*TP	1,000
INST*SG	1,000
INST*EM	1,000

Through Table 2, each loading factor test on each variable has a loading factor value of> 0.7. Therefore, it can be concluded that all variables are valid or acceptable.

Discriminant Validity

This validity test is used to test whether a construct precisely measures the construct being measured, not other constructs. The independent variable is declared valid or acceptable, if the cross loading value of the measurement item correlates higher with the variable it measures and correlates lower with other variables.

Table 3. AVE Square Root Value

	X1	X2	X3	Y	M	M*X1	M*X2	M*X3
X1	1,000	0,068	-0,356	0,012	0,467	0,746	-0,002	-0,452
X2	0,068	1,000	-0,668	-0,215	0,155	-0,002	0,932	-0,609
X3	-0,356	-0,668	1,000	0,178	-0,278	-0,425	-0,627	0,846
Y	0,012	-0,215	0,178	1,000	-0,067	0,121	-0,183	0,109
M	0,467	0,155	-0,278	-0,067	1,000	0,158	-0,068	-0,188
M*X1	0,746	-0,002	-0,425	0,121	0,158	1,000	-0,010	-0,619
M*X2	-0,002	0,932	-0,627	-0,183	-0,068	-0,010	1,000	-0,564
M*X3	-0,452	-0,609	0,846	0,109	-0,188	-0,619	-0,564	1,000

Based on table 3, of the five variables, the cross loading value is greater than the correlation value among latent variables. Therefore, it can be inferred that the five variables are valid or acceptable.

Reliability Test

The reliability test can be used to verify the exactness, consistency, and thoroughness of the instrument in determining a construct. The reliability test assessment obtained through two assessments, namely Cronbach's alpha and

Composite reliability. Of the two values, if the value exceeds 0.7, the variable is declared consistent.

Table 4. Cronbach's Alpha and Composite Reliability Values

Variable	*Cronbach;s Alpha*	*Composite Realiability*
TP	1,000	1,000
SG	1,000	1,000
EM	1,000	1,000
INST	1,000	1,000
CETR	1,000	1,000
INST*TP	1,000	1,000
INST*SG	1,000	1,000
INST*EM	1,000	1,000

Based on Table 4, the Cronbach's alpha and Composite reliability values are more than 0.70. Therefore, it can be said that all variables are declared consistent in the reliability test.

R-Square

R-Square can show how much the relationship between independent variables affects the dependent variable. The influence between variables can be declared strong if the R-Square value is ≥0.75, moderate if the R-Square value is ≥0.50-0.75, and weak if the R-Square value is ≥0.25-0.50. The higher the R-square value indicates that the independent variable has a greater ability to explain the dependent variable.

Table 5. R-Square Value

	R-Square
CETR	0,322

Based on Table 5, the R-Square value for the dependent variable, tax avoidance is 0.322. Based on this value, the tax avoidance variable is explained by the transfer pricing, sales growth, earnings management, and institutional ownership of 32.2%, while the rest 67.8% is explained by a different variable

Hypothesis Test

Table 6. Path Coefficients and P Value

	Path Coefficients	P Value
TP → CETR	-0,073	0,309
SG → CETR	-0,352	0,005
EM → CETR	0,116	0,209
INST*TP → CETR	0,050	0,368
INST*SG → CETR	0,033	0,413
INST*EM → CETR	0,161	0,127

a. The path coefficients value of TP is -0.073 and the P-Value is 0.309. Therefore, the first hypothesis is rejected. The P-Value obtained is >0.05, it can be summed that transfer pricing does not have a significant effect on tax avoidance.
b. The path coefficients value of SG is -0.352 and the P-Value is 0.005. Therefore, the second hypothesis is accepted. The P-Value obtained is <0.05, it can be summed that the sales growth has a significant effect on tax avoidance.
c. The path coefficients value of EM is 0.116 and the P-Value is 0.209. Therefore, the third hypothesis is rejected. The P-Value obtained is >0.05, it can be summed that earnings management does not have a significant effect on tax avoidance.
d. The path coefficients value of INST*TP is 0,050 and the P-Value is 0.368. Therefore, the fourth hypothesis is rejected. The P-Value obtained <0.05, it can be summed up that institutional ownership is not capable of moderate the effect of transfer pricing on tax avoidance.
e. The path coefficients value of INST*SG is 0,033 and the P-Value is 0.413. Therefore, the fifth hypothesis is rejected. The P-Value obtained <0.05, it can be summed up that institutional ownership is not capable of moderate the effect of sales growth on tax avoidance.
f. The path coefficients value of INST*EM is 0,161 and the P-Value is 0.127. Therefore, the sixth hypothesis is rejected. The P-Value obtained <0.05, it can be summed up that institutional ownership is not capable of moderate the effect of earnings management on tax avoidance.

DISCUSSION

The Effect of Transfer Pricing on Tax Avoidance

The results showed that the transfer pricing as measured by comparing the amount of associated party receivables with total receivables does not affect tax avoidance. This proves that the research results are not in accordance with agency theory because management does not utilize transfer pricing to avoid taxes. This means that the management in the company does not take advantage of its position as manager of the company for personal gain. The price agreement between the company and the affiliate has met the fairness standard which is still within the existing market price range.

The findings of this study is in line with Rohmah & Romadhon (2023) which found that tax avoidance is not affected by transfer pricing because companies rarely choose this mechanism. This is due to international regulations that can complicate its implementation and increase risks for companies. For example, the government's contribution in issuing Director General of Taxes Regulation Number PER-32/PJ/2011. This regulation provides guidance for tax auditors in assessing transactions between related parties to ensure that the transactions are carried out in accordance with business practices and the principles of fairness.

In addition to these regulations, in 2016 Regulation No.213/PMK.03/2016 was issued by the Minister of Finance of the Republic of Indonesia, which makes taxpayers must comply with these rules because there is no loophole for tax avoidance. The regulation contains additional information regarding the items of documents that should be retained by taxpayers conducting transactions with related parties and the procedures for managing transfer pricing. Therefore, with the regulations that have been made by the government, companies have little opportunity to utilize transfer pricing practices to reduce tax avoidance.

The Effect of Sales Growth on Tax Avoidance

The results showed that sales growth derived from the comparison of the total sales difference of the present period and the last period with the sales of the last period contributed to tax avoidance. This proves that the research results do not support agency theory because management did not try to minimize the tax expense paid. High sales growth can reduce tax avoidance practices. Although high sales growth will cause a high tax burden, the company will continue to increase sales every year. This is because sales growth is very important for companies in supporting profitability.

A high increase in sales can generate high revenue, so the company does not need to avoid taxes. This is because greater revenue provides better financial capacity to meet tax obligations without sacrificing business operations or profitability. In addition, companies experiencing sales growth will focus more on increasing market share rather than reducing the tax burden. The management itself may prioritize reinvestment in the business rather than taking the risk of tax avoidance, because it compromises the company's reputation.

The Effect of Earnings Management on Tax Avoidance

The results showed that earnings management as measured using the Jones Modified Discretionary Accrual (DA) proxy model has no contribution to tax avoidance. This finding shows that the research results are not in line with agency theory, because management does not carry out earnings management solely for tax avoidance purposes. There are various other motivations that encourage managers to carry out earnings management. Each company may have different reasons for engaging in earnings management practices. First, earnings management may be used for the benefit of individuals or groups within the organization. Second, companies may seek to reduce their tax liabilities through earnings management.

This study shows that management does not make efforts to reduce tax liabilities. The company performs earnings management to display good earnings in the financial statements. In addition, earnings management actions taken by company management can have several objectives, such as obtaining additional debt or increasing bonuses for management. Therefore, company managers do not try to take advantage of the flexibility of their positions to reduce taxes paid for their personal interests.

Companies that have gone public will avoid earnings management actions to minimize taxes that need to be payed. This is due to obstacles in managing profits for tax avoidance purposes that are hindered by pressure to increase corporate profits. Companies whose profit conditions do not reach the target greatly avoid earnings management actions to save taxes. In addition, different accounting standard settings and tax regulations cause tax avoidance practices not to be implemented through earnings management. Earnings management itself is not always carried out in the context of opportunistic actions by managers who take advantage of information asymmetry between shareholders and managers. Meanwhile, tax avoidance refers to tax planning that attempts to reduce the expense. Therefore, earnings management and tax avoidance have separately regulated activity.

Institutional Ownership Moderates the Effect of Transfer Pricing on Tax Avoidance

The results showed that institutional ownership was unable to moderate the influence of transfer pricing on tax avoidance. This proves that the research results are not in accordance with agency theory because management does not take actions that benefit themselves. The role of institutional ownership that only provides indirect supervision, namely information obtained only from financial reports that have been presented in such a way. Management must have provided results that have undergone a good inspection process. However, shareholders do not know much about what happened. In addition, institutional ownership does not have much of a role in a company. This is because these shareholders have the idea that everything that happens, especially company operations, is left to those who understand better.

Transfer pricing is a complex and technical area in accounting and taxation. Institutions may not have sufficient specialized expertise or depth of knowledge to properly detect or assess its effects. As a result, shareholders are not effective in monitoring or controlling transfer pricing actions. The increase in the percentage level of institutional ownership in a company does not necessarily mean that the supervision carried out is more optimal.

Institutional Ownership Moderates the Effect of Sales Growth on Tax Avoidance

The results showed that institutional ownership was unable to moderate the contribution of sales growth on tax avoidance. This proves that the research results are not in accordance with agency theory because institutional ownership has not maximized supervision. However, it is likely that shareholders entrust operations to management. This proves that despite the high share ownership owned by other institutions, institutional ownership does not necessarily provide such close supervision in a company. Especially in unexpected situations such as a worldwide pandemic, institutional ownership will certainly support management in making decisions. Because the management knows better how sales occur, even the costs incurred and how much profit or loss is obtained.

Institutional Ownership Moderates the Effect of Earnings Management on Tax Avoidance

The results retrieved that institutional ownership was unable to moderate the contribution of earnings management to tax avoidance. It means that the study of this research does not support agency theory that managers are not motivated to reduce taxes. Earnings management and tax avoidance often involve complex strategies and are difficult to detect, even by institutional shareholders who have better access to company information. This complexity creates information asymmetry that will make it challenging for institutional shareholders to effectively moderate the connection between tax avoidance and earnings management.

In addition, institutional ownership has diverse investment objectives and strategies. Some may be more concerned with short-term financial performance, while others may focus on sustainable investment or social responsibility. These differences in objectives may reduce the effectiveness of shareholders consistently to moderate the influence of earnings management on tax avoidance.

CONCLUSIONS AND RECOMMENDATIONS

Referring to the findings of the study in examining the effect of transfer pricing, sales growth, and earnings management on tax avoidance with institutional ownership as a moderating variable, it can be inferred as follows:

1. Transfer pricing does not contribute to tax avoidance because there are several transfer pricing arrangements in each country.
2. Increased sales growth can reduce tax avoidance practices in property and real estate sector companies because companies are able to pay taxes imposed
3. Earnings management does not contribute to tax avoidance due to differences in regulations between taxation standards and accounting standards.
4. Institutional ownership is unable to moderate the effect of transfer pricing on tax avoidance because it does not have sufficient special expertise or depth of knowledge to detect or assess its effect appropriately.
5. Institutional ownership is unable to moderate the effect of sales growth on tax avoidance because shareholders entrust operations to management under any conditions.
6. Institutional ownership is unable to moderate the effect of earnings management on tax avoidance due to differences in investment objectives and strategies.

ADVANCED RESEARCH

It is recommended that the next researcher use a research sample other than companies in the property and real estate sector. Future researchers should also extend the observation period. In addition, future researchers should use different independent variables from this study that can affect tax avoidance practices.

REFERENCES

Amidu, M., Coffie, W., & Acquah, P. (2019). *Transfer pricing*, earnings management and tax avoidance of firms in Ghana. *Journal of Financial Crime, 26*(1), 235-259. https://doi.org/10.1108/JFC-10-2017-0091

Ariesta, P. G., & Purwaningsih, E. (2022). Pengaruh Pertumbuhan Penjualan, Leverage, dan Kompetensi Komisaris Independent terhadap penghindaran pajak. *Fair Value: Jurnal Ilmiah Akuntansi dan Keuangan, 5*(3), 1447-1455. https://doi.org/10.32670/fairvalue.v5i3.2665

Arizah, A., Ayudina, R., Muchran, M., & Arsal, M. (2024). Manajemen Laba dan Penghindaran Pajak Perusahaan Sektor Pertambangan. *Owner: Riset dan Jurnal Akuntansi, 8*(1), 455-469. https://owner.polgan.ac.id/index.php/owner/article/view/1873/1122

Azzahra, Q. (2023, Mei 16). Rendahnya tax ratio di tengah tingginya korupsi dan penghindaran pajak. *Alinea.id*. https://www.alinea.id/bisnis/rendahnya-tax-ratio-di-tengah-korupsi-dan-penghindaran-pajak-b2hQO9Mwo

Badan Pusat Statistik. (2023). Realisasi Pendapatan Negara (Milyar Rupiah). BPS. https://www.bps.go.id/id/statistics-table/2/MTA3MCMy/realisasi-pendapatan-negara--milyar-rupiah-.html

Darussalam, Sepriadi, D., & Kristiaji B. B. (2022). *Transfer pricing: Ide, Strategi, dan Panduan Praktis dalam Perspektif Pajak Internasiona*l (Volume Satu). DDTC

Henny, H. (2019). Pengaruh Manajemen Laba Dan Karakteristik Perusahaan Terhadap Tax Avoidance. *Jurnal Muara Ilmu Ekonomi Dan Bisnis, 3*(1), 36-46. https://doi.org/10.24912/jmieb.v3i1.4021

Herianti, E., Suryani, A., & Marudha, A. (2023). *Koneksi Politik dan Manajemen Laba.* Eureka Media Aksara.

Hermi, H., & Petrawati, P. (2023). The Effect of Management Compensation, Thin Capitalization and *Sales Growth* On Tax Avoidance with Institutional Ownership as Moderation. *Media Riset Akuntansi, Auditing & Informasi, 23*(1), 1-14. https://doi.org/10.25105/mraai.v23i1.16790

Hidranto, Firman. (2023, Juli 20). Praktik Penghindaran Pajak Jadi Isu Serius G20 India. *Indonesia.go.id.* https://indonesia.go.id/g20/kategori/g20/7368/praktik-penghindaran-pajak-jadi-isu-serius-g20-india?lng=1

Jaya, I. M, L. M. (2021). *Earnings Management: Sebuah Monograf Berbagai Kajian tentang Manajemen Laba, Fraudelant Financial Statement dan Forensic Pajak di Indonesia.* CV. Pena Persada.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics, 3*(4), 305–360. https://doi.org/https://doi.org/10.1016/0304-405X(76)90026-X

Pamungkas, B., & Setyawan, S. (2022). Conservatism And Transfer pricing On Tax Avoidance: Tax Shelter Approach. *Jurnal Reviu Akuntansi Dan Keuangan, 12*(1), 171-185. https://doi.org/10.22219/jrak.v12i1.15866

Pratomo, D., & Rana, R. A. (2021). Pengaruh kepemilikan institusional, komisaris independen dan komite audit terhadap penghindaran pajak. *JAK (Jurnal Akuntansi) Kajian Ilmiah Akuntansi, 8*(1), 91-103. https://doi.org/10.30656/jak.v8i1.2487

Rahmawati, E., & Asalam, A. G. (2022). Pengaruh Karakter Eksekutif, Capital Intensity, Kepemilikan Institusional dan Komite Audit Terhadap Tax Avoidance. *Jurnal Ilmiah Manajemen, Ekonomi, & Akuntansi (MEA), 6*(3), 1-14. https://doi.org/10.31955/mea.v6i3.2213

Rifai, A., & Atiningsih, S. (2019). Pengaruh Leverage, Profitabilitas, Capital Intensity, Manajemen Laba Terhadap Penghindaran Pajak. *ECONBANK: Journal of Economics and Banking, 1*(2), 135-142.

Rohmah, V. A., & Romadhon, F. (2023). Apakah Karakter Eksekutif Memoderasi Hubungan Antara Thin Capitalization, Transfer pricing, Financial Distress dan Penghindaran Pajak?. *Jurnal Akademi Akuntansi, 6*(3), 419-438. https://ejournal.umm.ac.id/index.php/jaa/article/view/24069/12847

Sawitri, A. P., Ariska, F. A., & Alam, W. Y. (2022). Pengaruh Profitabilitas, Pertumbuhan Penjualan, Ukuran Perusahaan Dan Koneksi Politik Terhadap Penghindaran Pajak. Jurnal Riset Akuntansi Mercu Buana, 8(1). https://ejurnal.mercubuanayogya.ac.id/index.php/akuntansi/article/view/2365/988

Wulandari, S., Oktaviani, R. M., & Sunarto, S. (2023). Manajemen Laba, Transfer Pricing, dan Penghindaran Pajak Sebelum dan Pada Masa Pandemi Covid-19. Owner: Riset dan Jurnal Akuntansi, 7(2), 1424-1433. https://owner.polgan.ac.id/index.php/owner/article/view/1329