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The Effect of Effective Tax Rate (ETR), Tunneling Incentives, Audit Quality and the Independent Board of Commissioners on Indications of Transfer Pricing for Manufacturing Companies Listed on the IDX for the 2021-2023 Period

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A R T I C L E I N F O

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A B S T R A C T

The impact of effective tax rates (ETR), tunnel incentives, good corporate governance (GCG) (measured by audit quality and an independent committee on the pricing of listed manufacturing companies), and the Indonesia Stock Exchange on securities listed on the stock exchange were researched using quantitative techniques in this study. A total of 202 manufacturing businesses listed on the Indonesia Stock Exchange between 2021 and 2023 are the population of this study. A total of 81 businesses that were sampled in the study were selected using a purposeful selection technique. To evaluate the hypothesis, SPSS version 25 is used in conjunction with multiple linear regression analysis. The results of this study show that ETR, Tunneling Incentives, and the Independent Board of Commissioners have a negative effect on Transfer Pricing, while the Audit Committee has no effect on Transfer Pricing.

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INTRODUCTION

The involvement of multinational companies cannot be separated from the current global economic conditions. A multinational corporation is a collection of businesses under the ownership of certain people who have subsidiaries spread across many countries. The term "transaction with a special relationship" or "transaction related to certain parties" can be used to describe a transaction that occurs between two parties. To maximize revenue possibilities, multinational corporations compete to create value chains around the world. Transfer pricing is the process of determining the transfer price for an affiliate transaction that has been completed, by increasing the purchase price or fee (over invoice) or lowering the selling price (under invoice), it is a way to reduce taxes abroad (Setyorini & Nurhayati, 2022). According to experts, transfer pricing can present challenges and opportunities for businesses to obtain significant profits in line with their main goals (Rahmadhani & Ananda, 2022).

Transfer pricing is a complicated issue in the corporate and global economy, especially in the field of tax economics. International companies are involved in transfer pricing operations. This will have a direct impact on the amount of state tax revenue indirectly. The transfer pricing process involves calculating exactly how much revenue and revenue each company participating in income tax receives in importing and exporting countries. To lower the tax burden and increase profits, multinational companies use transfer pricing to transfer profits or income from related businesses in other countries (Putranto et al., 2022). This business is still growing. Although taxes are the main source of state revenue, this clearly has an impact on the amount of taxes collected by the state. Because the parties have different interests, the transfer pricing problem is a challenge to solve.

Multinational companies do transfer pricing for several reasons, one of which is the Effective Tax Rate (ETR). Moving assets to a jurisdiction with a lower tax rate is one way to reduce tax debt through the Effective Tax Rate (ETR). This approach highlights the importance of adjusting tax debt and deferred taxes by comparing tax burden with profit before tax (Wiharja & Sutandi, 2023). Based on the results of the study (Hertanto et al., 2023) stated that the Effective Tax Rate (ETR) partially has a positive and significant effect on transfer pricing. Meanwhile, the results of the study are different from (Wiharja & Sutandi, 2023) and (Esa Agustin & Hari Stiawan, 2022) stating that the Effective Tax Rate (ETR) has no effect on transfer pricing.

Another factor that also affects is Tunneling Incentives. According to (Sari & Sugiharto, 2023a) Tunneling Incentive is an act of majority domination that allows them to divert the company's income and assets, so that minority shareholders have to bear the burden without feeling the benefits. The purpose of the company doing this is to lower transaction costs. Asking the party who has a special relationship can reduce costs and make it more cost-effective compared to those who do not have a special relationship (Fazwa & Islahuddin, 2022).

Tunneling incentives have an impact on transfer pricing, according to findings (Satria et al., 2021). Tunneling Incentives have nothing to do with transfer pricing (Ramadhan et al., 2022).

Good Corporate Governance (GCG) is good corporate management to protect the interests of creditors as external funders and shareholders (the general public). The term Good Corporate Governance (GCG) refers to governance that can assist management in ensuring that companies comply with relevant regulations and regulations (Sari & Sugiharto, 2023). To reduce the occurrence of transfer pricing techniques in the organization, Good Corporate Governance (GCG) is expected to be able to maintain management performance in the company. Strong Good Corporate Governance (GCG) in Indonesia is regulated through the Decree of the Minister of SOEs No. Kep-16/MMBU/2012 which has five principles, namely: 1) openness, 2) responsibility, 3) accountability, 4) independence, and 5) fairness. The way a business meets its needs is influenced by its corporate governance structure. Tax responsibility, but tax preparation depends on various factors, one of which is the company's management in a business. One of the proxies of Good Corporate Governance (GCG) is Audit Quality and the number of Independent Board of Commissioners.

Audit quality is the standard of good corporate governance. In reporting financial statements, there is a possibility of fraud for audited individuals. In contrast to companies that are audited by non-Big 4 KAP. Therefore, tax avoidance becomes less frequent when finances are audited by the Big 4 KAP. Businesses will usually require payment if the tax nominal is too high, by avoiding taxes the better the quality of a company's audit, this company usually does not manipulate to generate more profit money (Sari & Sugiharto, 2023).

Another Good Corporate Governance (GCG) proxy is the Independent Board of Commissioners. The Board of Independent Commissioners in the company is expected to increase supervision and stop aggressive tax methods, so that it can strengthen supervision of the company's management (Mulyana et al., 2022). According to the results of the study (Mulyana et al., 2022) stated that Audit Quality does not have a significant effect on transfer pricing. Meanwhile, the results of research from (Darmawan & Adi, 2023) and (Pradipta & Geraldina, 2023) state that the Independent Board of Commissioners has no effect on the company's indication of transfer pricing.

THEORETICAL REVIEW

Agency Theory

The cornerstone of this research is agency theory, which plays an important role in the way a company is run. Michael C. Jensen and William H. Meckling introduced agency theory in their 1976 journal article, "Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure." A contract in which one or more people (principals) hire another person (agent) to perform

certain tasks on their behalf is known as an agency relationship. Both parties in the principal relationship will be responsible for positive monitoring and binding costs, as well as non-financial costs, and the agent will have the power to make choices in this relationship (Jensen & Meckling, 1976).

Effect of Efective Tax Rate (ETR) on Transfer Pricing

Has previously shown that effective tax rates (ETRs) have a beneficial effect on transfer pricing options (Hertanto et al., 2023). Companies are increasingly encouraged to use transfer pricing as a means to minimize the amount of tax they have to pay. Instead of influencing how businesses use transfer pricing, tax rates allow tax administrations to lower tax liability. The goal of tax management is to ensure that a person does not pay excessive amounts of taxes (Putri et al., 2022). Modern businesses will look for methods to lower their tax burden because doing so will lower their income. This will allow them to save costs for businesses and lower their ETR. (Hertanto et al., 2023) found that transfer pricing is positively and somewhat significantly influenced by the Effective Tax Rate (ETR).

H1: Effective Tax Rate (ETR) berpengaruh terhadap Transfer Pricing.

Effect of Tunneling Incentives on Transfer Pricing

Many shareholders in Indonesia choose to focus on a small number of companies due to the significant concentration of wealth in the country's stock market and the majority of the ownership of listed companies. To avoid paying dividends to the parent company and other minority shareholders, issuers often utilize related party transactions to transfer wealth. The study found that transfer pricing decisions are heavily influenced by benefit transfer incentives. This means that companies will more often implement transfer pricing with related parties, as tunneling incentives are increasing. The findings of this study are consistent with those from (Cahyani et al., 2023). Consistent with other studies, this study found that tunneling incentives significantly and positively influence transfer pricing decisions (Satria et al., 2021) & (Hertanto et al., 2023).

H2: Tunneling Incentives affect Transfer Pricing.

The Effect of Audit Quality on Transfer Pricing

Audit quality is one of the GCG components used in this study. To ensure compliance with all laws, Good Corporate Governance (GCG) requires businesses to examine every aspect of their operations. Therefore, good corporate governance (GCG) can influence company transfer pricing decisions (Darmawan & Adi, 2023). According to the results of the study (Putri et al., 2022), transfer pricing can be improved well through good corporate governance (GCG). The results of this study state that effective corporate governance has a significant effect on transfer pricing in line with the results of the study (Fernanda & Wahyuningsih, 2021).

H3: Audit Quality has a significant effect on the indication of transfer pricing.

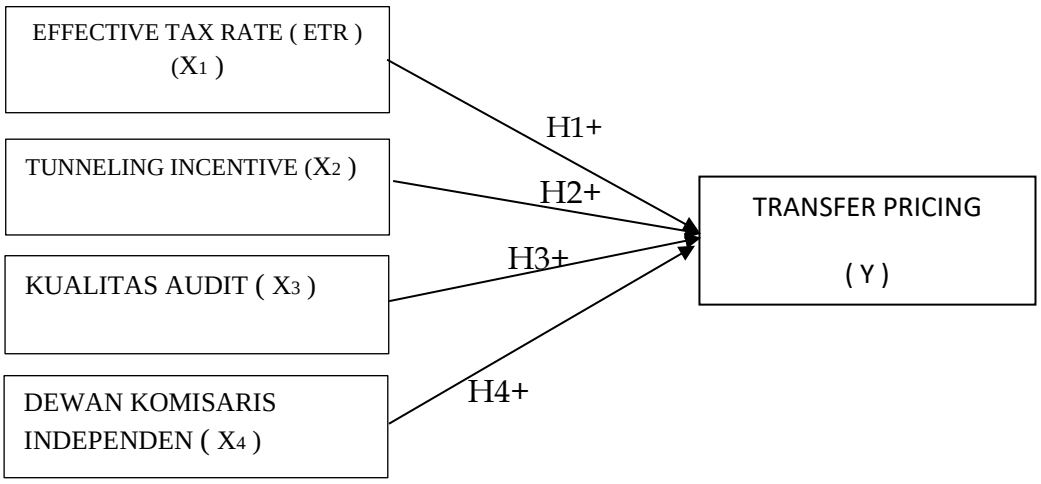
The Influence of the Independent Board of Commissioners on Transfer Pricing

Independent committees also function as GCG entities. To ensure that corporations follow good corporate governance (GCG), an independent committee is essential. As stated in Law No. 40 of 2007, the responsibility to advise and supervise the board of directors in the management of the company lies in the hands of the board of directors (Handayani, 2017). The rise of unscrupulous corporate tactics such as transfer price manipulation—which involves artificially increasing lower corporate revenues for some reason—can be avoided with the help of impartial commissions. When it comes to transfer pricing and other decision-making issues, an independent committee is essential. There will be less fraud and manipulation of transfer prices and better corporate governance if there are more independent commissioners. The findings from the study show that independent commissioners have a negative impact on transfer prices in line with this (Rizkillah & Putra, 2023).

H4 : Independent Board of Commissioners has a negative effect on transfer pricing

Framework of Thought

The research framework in this study can be described as follows:



METHODOLOGY

All industrial businesses traded on the Indonesia Stock Exchange (IDX) are the subject of this study. The secondary data of this study is sourced from financial and annual reports published in 2021–2023. The website of the Indonesia Stock Exchange (IDX), www.idx.co.id, is the place to find financial statements and annual reports. This study uses a sample strategy known as purposive sampling. The purposive sampling technique is a series of criteria-

based selection procedures that researchers use to ensure their samples are representative of the study. The data processing in this study was carried out using the Statistical Package for the Social Sciences (SPSS) version 25, an electronic tool. Researchers can more easily work with data and understand the factors they are examining with this tool. The 81 companies selected for the sample were selected using this method.

RESEARCH RESULTS

Descriptive Analysis

Table 1. Descriptive Analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ETR	81	-.13	.49	.2258	.13303
Tunneling Incentive	81	-.03	1.01	.5517	.25299
Kualitas Audit	81	0	1	.63	.501
DKI	81	-.01	.78	.4204	.15387
Transfer Pricing	81	.00	.99	.2159	.28616
Valid N (listwise)	81				

Source : Processed from SPSS 25 Output

The results showed that 81 data points were collected for this study (Table 1 above). In this table, we can see descriptive statistics for the following variables: transfer pricing (dependent variable), audit quality, independent committees, effective tax rates (ETRs), and incentives for benefit transmission. Here is a descriptive statistical explanation for each variable:

The effective tax rate (ETR) of a sample of manufacturing companies from 2021–2023 was the subject of a descriptive analysis. From a low of -0.13 to a high of 0.49, the standard deviation is 0.13303, and the average is 0.2258. An ETR of 22.6% was found on average in the findings.

The average of 0.5517, the standard deviation of 0.25299, the minimum of -0.03, and the maximum of 1.01 are the results of the descriptive analysis of the incentive tunnel of a sample of manufacturing companies from 2021 to 2023. An average tunnel excitation rate of 55% is seen here.

Using audit quality proxies, a descriptive study of Good Corporate Governance (GCG) in a sample of manufacturing companies from 2021–2023 resulted in an average of 0.63, a standard deviation of 0.501, a minimum of 0, and a maximum of 1. The example shows that 63% is the average audit quality.

The independent committee's proxies yielded an average of 0.4204, a standard deviation of 0.15387, a minimum of -0.01, and a maximum of 0.78 when a descriptive analysis of Good Corporate Governance (GCG) was applied to a

sample of manufacturing companies in 2021–2023. It is clear from this circumstance that the independent supervisory board has good corporate governance (GCG) on average of 22%.

Normality Test

Table 2. Results of the Kolmogrov-Smirnov Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		81
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.05321128
Most Extreme Differences	Absolute	.072
	Positive	.062
	Negative	-.072
Test Statistic		.072
Asymp. Sig. (2-tailed)		.200

a. Test distribution is Normal.

b. Calculated from data.

Processed from SPSS 25 Source

Table 2 shows that 81 data points are normal, with an asymp.sig (2-tailed) value of 0.200. This significance value is more than 0.05 (i.e., 0.200>0.05), which indicates that the difference in the remaining research findings follows the normal distribution and thus meets the criteria of normality.

Multicollinearity Test

Table 3. Mutticolinear Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	1.001	.023		44.064	.000		
	ETR	-.786	.077	-.366	-10.192	.000	.354	2.828
	Tunneling Incentive	-.534	.029	-.472	-18.297	.000	.684	1.461
	Kualitas Audit	.024	.013	.042	1.849	.068	.900	1.111
	DKI	-.782	.060	-.420	-13.015	.000	.436	2.292

a. Dependent Variable: Transfer Pricing

Processed from SPSS 25 Source

A person conducts a multicollinearity test to find out how strongly the relationship between two independent variables is with each other. This is indicated by the values of tolerance values, coefficients between independent variables, and variance inflation factor (VIF). A tolerance value greater than 0.10

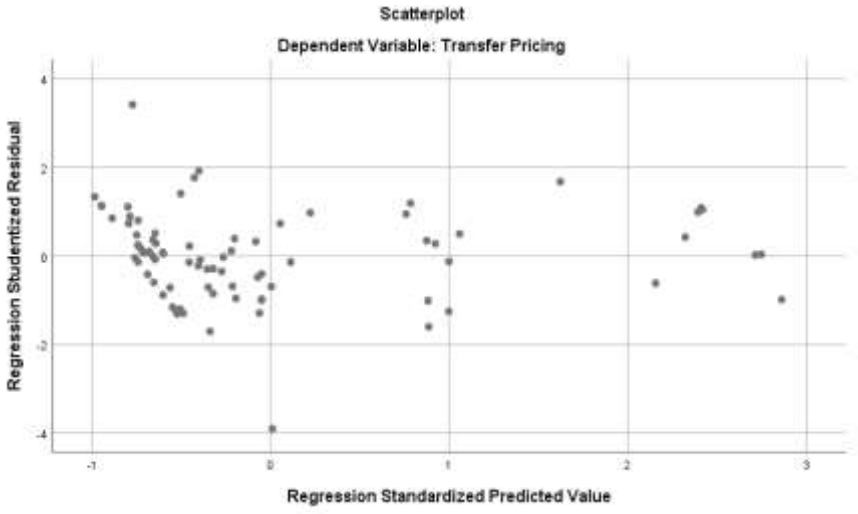
and a VIF value greater than 10 indicate multicollinearity. It can be concluded that the independent variable does not show multicollinearity if the tolerance value is more than 0.10 and the VIF is less than 10.

The tolerance value of the effective tax rate variable was 0.354> 0.1 and the VIF value was 2.828 < 10, according to the findings of the taEL 3 test. The tunneling excitation variable explains the tolerance value of 0.684> 0.1 and the VIF value of 1.461 < 10. The audit quality variable had a VIF value of 1.111 < 10 and a tolerance of 0.900> 0.1. The IPC variable showed a VIF value of 2.292 < 10 with a tolerance of 0.436> 0.1. Each independent variable—including ETR, audit quality, independent supervisory board, and tunnel securities incentive—had a tolerance level higher than 0.1, ruling out the possibility of a relationship between that variable and the VIF. ETR), audit quality, independence, benefit transfer incentives, and audit quality Similarly, the committee score is below 10. Thus, the results of this test show that the requirements are met and the independent variables do not show multicollinearity.

Heteroscedasticity Test

Heteroscedasticity is not present in a good model of equations. In this research, a spread plot will be used. To find out if the residual regression model shows the same change from one observation to the next, this heteroscedasticity test is used. The result is called heteroscedasticity if the variance between observations does not change, and homoscedasticity if it changes.

Table 4. Heteroscedasticity Test Results



Processed from SPSS 25 Source

No trend or structure is visible at the resulting points, as seen in the scatter plot image in Table 4. Above and below the zero point, the data is scattered

randomly, as seen in the image. No problems with heteroscedasticity were found when evaluating the initial hypothetical regression equation model.

Autocorrelation Test

Conventional autocorrelation hypothesis tests—which look at the extent to which certain observations in a regression model correlate with other observations—use these tests to ensure that the model is unbiased. Using SPSS version 25, the autocorrelation test will be carried out using the Durbin Watson test technique.

Table 5 Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.983[a]	.965	.964	.05459	1.170

a. Predictors: (Constant), DKI, Kualitas Audit, Tunneling Incentive, ETR

b. Dependent Variable: Transfer Pricing

Processed from SPSS 25 Source

The autocorrelation test aims to find a linear relationship between errors in chronologically sorted time series data. If you want to know if your research model has an autocorrelation, you can apply the Durbin Watson test. Next, the Durbin Watson value is compared to the resulting d-table value. Next, we compare the values of the d-table with the values of Durbin Watson that we obtained. The following are the general findings of the comparison when α = 5%:

If the Durbin watson (DW) value is below -2, it means that there is a positive autocorrelation.

If the Durbin watson (DW) value is between -2 and +2, there is no autocorrelation.

If the Durbin watson (DW) value is above +2, there is a negative autocorrelation

Darbin Watson's value is 1,170, according to the data in the table above. With a Durbin Watson value between -2 and 2, the multiple linear regression model is confirmed to be free of autocorrelation symptoms.

Coefficient of Determination Test

Table 6 Results of the Determination Coefficient Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.983[a]	.965	.964	.05459

a. Predictors: (Constant), DKI, Kualitas Audit, Tunneling Incentive, ETR

b. Dependent Variable: Transfer Pricing

Processed from SPSS 25 Source

The purpose of this test is to measure the extent to which the model can account for changes in bound variables. The Adjusted R Square column on the SPSS output displays the findings (R 2) from the Model Summaryb. The results showed an Adjusted R-Square value of 0.965, which showed that the variation of the Transfer Pricing variable of 96.5% was due to the Effective Tax Rate (ETR), Tunneling Incentive, Audit Quality and the Independent Board of Commissioners, while 3.5% (1-R ^{2}) was influenced by other variables that were not part of this study.

Regression Analysis Test

To find out whether independent and dependent variables affect each other jointly or partially, multiple regression analysis is used. The following are the calculation results obtained from the SPSS procedure:

Table 7 Multiple Linear Regression Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.001	.023		44.064	.000
	ETR	-.786	.077	-.366	-10.192	.000
	Tunneling Incentive	-.534	.029	-.472	-18.297	.000
	Kualitas Audit	.024	.013	.042	1.849	.068
	DKI	-.782	.060	-.420	-13.015	.000

a. Dependent Variable: Transfer Pricing

Processed from SPSS 25 Source

From the table above, a multiple regression equation can be formulated, namely:

$Y = a + b1X1 + b2X2 + b3X3 + b4X4 + e$

$Y = 1.001 - 0.786X1 - 0.534X2 + 0.024X3 – 0.782X4 + e$

From the results of the regression equation above, it can be explained as follows:

Constant (α) = 1.001 means that even though the independent variables (X1) namely *Effective Tax Rate* (ETR), *Tunneling Incentive* (X2) and Audit Quality and the Independent Board of Commissioners are valued at 0, the *Transfer pricing* (Y) is fixed at 1.001 Units.

The coefficient X1 (b1) = -0.786 and has a positive value. The *Effective Tax Rate* (ETR) variable against *the Transfer pricing* variable with a regression coefficient of -0.786 units. This can be interpreted that every time there is an increase *in the Effective Tax Rate* (ETR) variable by 1 unit, Transfer *pricing* will increase by -0.786 units.

The coefficient X2(b2) = -0.534 and has a negative value. The *Tunneling Incentive* variable with a regression coefficient of -0.534 units. This can be interpreted that every time there is an increase *in the Tunneling Incentive* variable by 1 unit, the *Transfer pricing* will be reduced by -0.534 units.

The coefficient X3(b3) = 0.024 and has a positive value. Audit Quality Variable with a regression coefficient of 0.024 units. This can be interpreted that every time there is an increase in the Audit Quality variable by 1 unit, the *transfer pricing* will increase by 0.024 units.

The coefficient X4(b4) = -0.782 and has a positive value. The variable of the Independent Board of Commissioners with a regression coefficient of -0.782 units. This can be interpreted that every time there is an increase in the variable of the Independent Board of Commissioners by 1 unit, the *transfer pricing* will increase by -0.782 units.

Test F

In this study, simultaneous hypothesis testing was used to ascertain how independent factors affect the dependent variables at the same time. The following are the criteria for simultaneous testing (test F):

H0 : β1 ,β2 = 0 ((*Effective Tax Rate* (ETR), *Tunneling Incentive,* Audit Quality and the Independent Board of Commissioners simultaneously have no effect on *Transfer pricing))*

1 : β1 ,β2 ≠ 0 (*Effective Tax Rate* (ETR), *Tunneling Incentives,* Audit Quality and Independent Board of Commissioners simultaneously affect *Transfer pricing*)

In this study, the value will be compared with the value with the decision-making criteria are:

- H0 is accepted if Fcal ≤ Ftabel at α = 5%
- H1 is accepted if Fcal > Ftabel at α = 5%

Table 7 Multiple Linear Regression Test Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.324	4	1.581	530.491	.000[b]
	Residual	.227	76	.003		
	Total	6.551	80			

a. Dependent Variable: Transfer Pricing

b. Predictors: (Constant), DKI, Kualitas Audit, Tunneling Incentive, ETR

Processed from SPSS 25 Source

Based on table 7, the value of Fcal > Ftabel (530,491 > 2.49) and Sig. (0.000b) < α = 5% (0.05). It can be concluded that the results of the H0 study were rejected and H1 was accepted. Thus, *the Effective Tax Rate* (ETR), and *Tunneling Incentive* (X2) and Audit Quality (X3) and the Independent Board of Commissioners (X4) simultaneously have a significant effect on *Transfer pricing* (Y) in Manufacturing Companies listed on the Indonesia Stock Exchange in 2021 - 2023.

Test T

Table 8 T Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.001	.023		44.064	.000
	ETR	-.786	.077	-.366	-10.192	.000
	Tunneling Incentive	-.534	.029	-.472	-18.297	.000
	Kualitas Audit	.024	.013	.042	1.849	.068
	DKI	-.782	.060	-.420	-13.015	.000

a. Dependent Variable: Transfer Pricing

Processed from SPSS 25 Source

If the significance value of the t test > 0.05, then H_0 is accepted and Ha is rejected. This means that there is no influence between independent variables on dependent variables.

If the significance value of the t test < 0.05, then H_0 is rejected and Ha is accepted. This means that there is an influence between independent variables on dependent variables.

The Variable *Test of Effective Tax Rate* (ETR) has a coefficient of -10.192 < 1.992 with a significance of 0.000 < 0.05. These results show that *the Effective Tax Rate*

(ETR) has a negative effect on *Transfer Pricing,* meaning that the higher the *Effective Tax Rate* (ETR), the lower the Transfer Pricing.

The Partial Test of the *Tunneling Incentive* Variable has a coefficient of -18.297 < 1.992 with a significance of 0.000 < 0.05. These results show that *Tunneling Incentives* have a negative effect on *Transfer Pricing*

The Partial Test of the Variable of the Independent Board of Commissioners had a coefficient of 1.849 < 1.992 with a significance of 0.068 > 0.05. These results show that Audit Quality has no effect on *Transfer Pricing*

The Variable Partial Test of the Independent Board of Commissioners has a coefficient of -13.015 < 1.992 with a significance of 0.000 < 0.05. These results show that the Independent Board of Commissioners has a negative effect on *Transfer Pricing*

RESEARCH RESULTS

Effective Tax Rate (ETR) against Transfer Pricing

The significance level of 0.000 < 0.05 and the coefficients of -10.192 < 1.992 are the results of the t-statistical test conducted on this variable. The results show that ETR has a negative effect on transfer pricing, which means that even with careful tax planning, a company's transfer pricing will remain unchanged. As a result, tax management is used by companies to reduce their tax burden. To avoid overpaying taxes, the tax administration modifies the amount. The lower the company's ETR percentage, the better it handles its taxes. Tax havens are a common target for companies looking to minimize their tax liability. ETR is a measure of a company's control over its tax liability. The difference between profit before tax and income tax expense after tax is what gives rise to ETR. According to agency theory, the government and companies have conflicting interests, which leads to the issue of transfer pricing. Companies seek to reduce their tax liabilities because, according to the government, tax revenues are essential to fund public services

These findings corroborate the findings (Putranto et al., 2022) and (Surianto & Indrijawati, 2022) which show that transfer pricing is influenced by effective tax rates. However, this contradicts the findings (Kassa et al., 2022) and (Rahmadhani & Ananda, 2022) which both found that the effective tax rate does not affect transfer pricing.

Tunneling Incentive **against** *Transfer Pricing*

Based on the test results, the choice to implement transfer pricing is negatively influenced by the tunneling incentive variable. The variable coefficient of tunneling excitation is -18.297 < 1.992 and is statistically significant at 0.000 < 0.05. These findings suggest that transfer pricing is negatively affected by tunneling incentives. Tunneling incentives refer to the practice of major

owners taking money and assets from their company for themselves. Along with that, large owners charge small shareholders.

While (Fazwa & Islahuddin, 2022) did not find the effect of investment tunneling on transfer prices, our data shows the opposite. The results of this survey corroborate the results of the survey (Setyorini & Nurhayati, 2022), which found that shareholders are more likely to use the transfer price if they own more shares.

Quality Audit against Transfer Pricing

The audit quality was significantly greater than the significance threshold (0.068>0.05), as indicated by the t-test findings, and the coefficient of β was 0.024. Thus, there is no relationship between audit quality and transfer price. In this study, auditor supervision competence and financial report quality were not considered, although these factors contributed to the auditor's reputation as a background auditor based on the trust of audit service customers. Examination is not a standard. As a result, transfer pricing has not been implemented by the organization. Good corporate governance, especially openness, is a key component of agency theory, which explains the existence and influence of capital market taxes. A higher level of financial reporting quality indicates that the company is more open and honest with its investors. This is because the transfer pricing industry is currently experiencing a slump. This is in accordance with the results of research (Darmawan & Adi, 2023) and (Wiharja & Sutandi, 2023) which state that audit quality does not affect transfer pricing. Research (Kassa et al., 2022) shows that transfer pricing can be improved with quality audits.

Independent Board of Commissioners on Transfer Pricing.

The findings of this study show that independent experts do influence transfer pricing, as a significance value of 0.000 < 0.05 indicates that independent experts influence transfer pricing, so the hypothesis is proven.

The impartial commissioner has an impact on the pricing of transfers. This can be seen from the large number of autonomous committee members who have decision-making power and extensive knowledge in the field of accounting and finance. The effectiveness of commission supervision, especially its ability to reduce corporate tax evasion, is directly proportional to the number of independent commissioners. The committee needs more than half of the independent directors to provide fair representation from the perspective of board members (Rizkillah & Putra, 2023). The findings of this study contradict other studies that did not find the impact of independent commissioners on transfer pricing (Pradipta & Geraldina, 2023).

CONCLUSIONS AND RECOMMENDATIONS

The purpose of this study is to determine and evaluate the influence of effective tax rates (ETR), benefit transmission incentives (BTI), and good

corporate governance (GCG) on transfer pricing using data from 81 manufacturing companies listed on the IDX from 2021 to 2023. Based on the results of the research that has been discussed earlier, several conclusions can be drawn as follows:

1. Effective Tax Rate (ETR) has a negative effect on Transfer Pricing
2. Tunneling Incentives have a negative effect on Transfer Pricing
3. Good corporate governance (GCG) which is proxied using Audit Quality has no effect on Transfer Pricing, while the Independent Board of Commissioners has a negative effect on Transfer Pricing.

FURTHER STUDY

1. Further research can be conducted by adding or replacing independent variables such as bonus mechanism, company size, foreign ownership, Profitability, Leverage.
2. Subsequent research may extend the research period to five years or more.

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