THE EFFECT OF BONUS MECHANISMS, GOOD CORPORATE GOVERNANCE ON TRANSFER PRICING WITH TAX AVOIDANCE AS MODERATION

Rio Johan Putra¹, Amalia Astiani Rizkillah*¹
¹Faculty of Economics and Business, University of 17 August 1945 Jakarta, Indonesia

ABSTRACT – The purpose of this study is to provide empirical evidence regarding the effect of bonus mechanisms and good corporate governance on transfer pricing with tax avoidance as a moderating variable in food and beverage sub-sector companies listed on the Indonesia Stock Exchange IDX. This study selected 10 food and beverage sub-sector companies. This study found that bonus mechanisms, institutional ownership, audit committee, and tax avoidance have no effect on transfer pricing, while the independent commissioner has an effect on transfer pricing. It was also found that tax avoidance variable cannot moderate the effect of the bonus mechanism, the board of directors, independent commissioners, the audit committee on transfer pricing, while tax avoidance can moderate institutional ownership on transfer pricing.

INTRODUCTION

The development of globalization and the global Covid-19 pandemic has had a serious impact on the economy in many countries, especially in the business sector in Indonesia (Ainol-Basirah & Siti-Nabiha, 2020). This development has had a major impact on changes in business models and attitudes of entrepreneurs based on economic developments that occur without recognizing national boundaries. Along with developments that occur, each company is given the freedom to develop its business in various parts of the world which are considered to have the ability to obtain promising profits in buying and selling activities that take place between companies in market competition (Ginting et al., 2020). Market effectiveness is an excellent design in studying the role of capital markets (Rexon & Chu, 2020). In a highly globalized economy, market movements with increasing consumer demand are one of the obstacles that must be faced by every company (Cheah & Tan, 2020).

In Indonesia, there is the Indonesia stock exchange (IDX) which is a party that becomes a media or meeting system between sellers and buyers who want to trade their securities. On the exchange, there are many sectors namely agriculture, basic and chemical industry, mining, various industries, consumer goods industry, property, real estate and building construction, infrastructure, utilities and transportation, finance, trade, services, and investment. All these sectors have their own sub-sectors for each company. The number of companies listed on the Indonesian stock exchange makes the competition even higher.

In Indonesia, companies that produce food and beverages are increasing because food and beverages are a primary need for every human being. This food and beverage sub-sector company is a very good business opportunity for now. Therefore, the researcher chose to examine the food and beverage sub-sector listed on the Indonesia Stock Exchange as this may promise a good market because the market is bait for the products produced (Oroh, 2021).

Each company has its own goals, one of which is to maximize every profit. Profit achievement is the main benchmark of whether or not a company can make a profit, because the purpose of business is to make a profit. Taxes are a burden imposed on companies and are believed to be able to reduce the performance of each company. Until now, tax payments have become a big dilemma for every company. Tax is also a very big opinion for Indonesia. Tax is a mandatory contribution issued to the state that is owed by an individual or entity that is coercive and does not receive direct compensation. It also is used for the needs of the state for the greatest prosperity of its people. Several cases prove that several companies make efforts to reduce the tax burden borne by these companies by implementing transfer pricing.

Transfer pricing is determined by setting the transfer price as the price of services and goods carried out between divisions within one company (Stefano et al., 2021). Some factors cause companies to carry out transfer pricing, one of which is by utilizing special relationships between affiliated companies both within one country or in several countries. From a tax perspective, transfer pricing is a price policy in transactions carried out by parties that have special relationships, which are mostly carried out by multinational companies that are in the same group as the company (Fujianiti et al., 2021). Transfer pricing is done by determining the amount of revenue received by the company. This makes transfer pricing content warm in the economic and business world where transfer pricing activities are carried out by companies that affect the ranking of state tax revenues indirectly or directly (Catherine Tania, 2019).

The occurrence of transfer pricing cases in Indonesia increased in 2018, and according to the MAP (Mutual Agreement Procedure) statistic, there was an increase in transfer pricing. This transfer pricing was 20% higher and this was recorded by the OECD. In addition, transfer pricing cases also occurred in Indonesia in which one company was suspected of
practicing transfer pricing and the alleged transfer pricing was discovered by investors in affiliated transactions. The company manipulated the value of receivables from affiliated companies which were third parties and the alleged flow of funds amounting to 1.7 trillion from the group to the company's management. Fund transfers are carried out in several ways such as bank transfers via time deposits.

One of the factors that influence transfer pricing is the transfer pricing bonus mechanism. Research conducted by Arum Sasi Andayani (2020) and Mineri and Paramitha (2021) stated that the bonus mechanism has no effect on transfer pricing. The bonus mechanism arises because of the overall performance carried out by managers and directors so that it allows the company to provide bonuses from the number of profits earned by the company.

The board of directors is an organ of the partnership that is entitled and fully responsible for the management of the partnership for the benefit of the partnership. This is in accordance with the aims and objectives of the partnership and represents the partnership both inside and outside the court in accordance with the provisions of the articles of association (Sirotus et al., 2015). Meanwhile, according to Septippertiwi (2019), the transfer price is the price borne on the sale of goods or services charged to buyers who have special relationships or affiliations with parties between divisions or between companies.

Independent commissioner proxy good corporate governance research was conducted by Sa'diah and Afriyenti (2021) stated that independent commissioners have no effect on transfer pricing. Good corporate governance has no effect on transfer pricing. The proportion of independent commissioners determined by the Financial Services Authority is 30%, so they cannot compensate for decision-making.

Research on Good Corporate Governance Proxy Institutional Ownership conducted by Apriyanti et al. (2020) stated that institutional ownership has no significant effect on the policy of transfer pricing methods. Research conducted by Purnamasari (2020) stated that institutional ownership has a negative effect on transfer pricing. This is because greater institutional ownership will increase effective supervision to reduce the number of opportunistic managers, as well as to oversee the decision-making process and company performance.

Research on good corporate governance as a proxy for the audit committee conducted by Fujianiti et al. (2021) stated that good corporate governance as proxied by the audit committee has no significant effect on transfer pricing decisions because other parties have a larger decision-making role than the company's audit committee.

There are differences between this study and previous research. This study examines the effect of tax avoidance as a moderating variable and there are differences in the research period. The object of this research uses food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2016 to 2020.

LITERATURE REVIEW

Signal Theory

According to Jiaarni and Utomo (2019), signaling theory is one of the pillars of financial management. Signaling can be interpreted as a signal issued by company managers to investors or outside parties and how outsiders respond to these signals. Signals from the company aim to imply something in the hope of changing the judgment of external parties or the market towards the company. The selected signal contains the power of information that can change the judgment of the company's external parties.

Signaling theory explains that company insiders generally have better information about the company's prospects than external parties. To reduce information asymmetry and avoid negative judgments, company managers must provide information that investors or potential investors need. Signaling theory suggests the importance of information issued by the company in the assessment and decisions of investors towards the company. Companies that provide better market information will find it easier to raise capital.

Transfer Pricing

Transfer pricing is the main mechanism used by large companies that have subsidiaries in various countries for the practice of transferring their profits that generate taxes (Amidu et al., 2019). Transfer pricing is a transaction between countries where the transaction occurs in various parts of the country subject to transfer prices (Pendse, 2012).

According to Suryana (2012), transfer pricing is a product or service transaction carried out by several business member units at an unreasonable price by reducing (marking down) or increasing (marking up) which is usually done in large-scale companies. According to Septippertiwi (2019), there are several reasons why companies will carry out transfer pricing, including:

a) For corporate tax deductions, especially taxes on corporate income tax.
b) To loosen the impact of foreign ownership restrictions.
c) Reducing the impact of rupiah depreciation.
d) Strengthen demands for price increases or protection against import competition.
e) Uphold a low profile (not arrogant) attitude regardless of the level of business profits.
f) Securing the company from demands for employee welfare/safety and concern for the environment.
**Bonus Mechanism**

According to the mechanism, the bonus is an element of calculating the amount of commission that will be given by the owner of the company to each member of the board of directors who has good ability every year when the company makes a profit. The performance carried out can be measured and viewed in accordance with the assessment criteria that have been set by the company objectively. The bonus mechanism is also a reward other than the salary received by each member of the board of directors for the achievements that have been achieved by the company as seen from the performance of the directors themselves.

**Board of Directors**

The main function of the board is to monitor every top decision that is used in monitoring key decisions. The board of directors is the main mechanism of a company in regulating the company (Lanis et al., 2018). The task of the board of directors is to carry out the functions of the company’s management and is responsible for all management activities in the company, one of which is the process of monitoring the ability of the company's management to always be in balance with the company's goals and interests. Not only that, the board of directors must always be responsible and report what happens to the condition of the company and the performance of the company's management to the company's shareholders (Avianita & Fitria, 2007). The existence of a greater number of people in the management should be able to improve the company's performance, especially companies that are included on large scale. Each has specific responsibilities and expertise to run the company better (Emanuel et al., 2022).

**Independent Commissioner**

According to Karjaya (2014), companies that have implemented good corporate governance must have an independent board of commissioners to assist the company’s operations. An independent commissioner in a company is someone who does not have a special relationship such as a business or family relationship with shareholders. The position of an independent commissioner is to carry out the obligations and benefits of supervising the running of the company whose contribution will later be asked to provide input which is included in the transfer pricing policy. Each independent commissioner has the right to issue his own opinion if there is a difference of opinion with other independent commissioners which will be included in the minutes of the meeting. This is where the obligation of the independent commissioner to implement GCG (good corporate governance) in the company takes place (Sa’diah & Afriyenti, 2021).

**Institutional ownership**

Institutional ownership is the ownership of company shares by financial institutions such as banks, insurance companies, pension funds, and investment banking. Institutional ownership in companies is useful for monitoring management performance to increase company value. One of the ways to increase company value is to improve manager performance. Institutional ownership is believed to be able to monitor every decision from managers so that it can force managers to be more careful in determining decisions that are detrimental to the company. The higher the institutional ownership in a company, the higher the supervision of the manager's performance which will be able to reduce agency problems (Ilhamsyah et al., 2020). The existence of institutional ownership in the company can encourage increased supervision so that it is more optimal for management performance. This is because shared ownership is a source of strength that can be used to support or not the existence of management (Wardhani & Samrotun, 2020).

**Audit Committee**

An audit committee is a subsidiary of a company created by a government board to mandate audit regulations, conduct routine inspections, and consider financial reports (Sharhan & Bora, 2020). The audit committee is a committee consisting of at least three members. The task of the audit committee is to be responsible for overseeing the interests of shareholders and reporting financial statements (Zgarni et al., 2010). Audit committees that have few members tend to act more efficiently but have a weakness, namely the limited experience of members. Thus, members of the audit committee must have an adequate understanding of the preparation of financial statements and the principles of internal control (Yustriathie, 2022).

Not only that, the duties and functions of the audit committee are also to monitor governance within the company and external audits in the company's financial statements. The audit committee is formed by the board of commissioners and is responsible to the board of commissioners. The audit committee is often given responsibility by the company management for errors in financial reporting so that the financial statements are relevant (Damayanti & Susanto, 2016).
Research Framework

Figure 1 shows a theoretical framework on the effect of bonus mechanisms and good corporate governance on transfer pricing with tax avoidance as a moderating variable.

Information:
H1: Effect of bonus mechanism on transfer pricing
H2: The influence of the board of directors on transfer pricing
H3: The influence of independent commissioners on transfer pricing
H4: The effect of institutional ownership on transfer pricing
H5: The influence of the audit committee on transfer pricing
H6: The effect of tax avoidance on transfer pricing
H7: Tax avoidance moderates the effect of the bonus mechanism on transfer pricing
H8: Tax avoidance moderates the effect of the board of directors on transfer pricing
H9: Tax avoidance moderates the effect of independent commissioners on transfer pricing
H10: Tax avoidance moderates the effect of institutional ownership on transfer pricing
H11: Tax avoidance moderates the effect of the audit committee on transfer pricing

Research Hypothesis

Effect of the bonus mechanism on transfer pricing

Rewards or bonuses are given by leaders in companies whose positions have been determined. Rewards are given to directors or managers in the form of commissions, allowances, or intensive sales (Mineri & Paramitha, 2021). Research on the bonus mechanism on transfer pricing has been carried out by Arum Sasi Andayani (2020) and Mineri and Paramitha (2021) where both studies stated that the bonus mechanism has no effect on transfer pricing. The bonus mechanism arises because of the overall performance carried out by managers and directors so that it allows the company to provide bonuses from the number of profits earned by the company.

H1: The bonus mechanism affects transfer pricing.

Influence of the board of directors on transfer pricing

According to Law Number 40 of 2007 (paragraph 1) concerning Limited Liability Companies, libraries are defined as organs that are entitled and fully responsible for the implementation of guidelines for the benefit of the partnership, in accordance with the aims and objectives of the partnership, and both inside and outside the court in accordance with provisions of the articles of association (Sitorus et al., 2015).

Transfer pricing is one of the most important things for a company that transacts goods and services with a group of companies and has a special relationship with other companies (Sa’diah & Afriyenti, 2021). Meanwhile, according to Septiartiwi (2019), transfer pricing is the price borne on the sale of goods or services that are charged to buyers who have special relationships or are commonly referred to as inter-divisional or inter-company affiliated parties.

H2: Good corporate governance represented by the board of directors has an effect on transfer pricing.
The influence of independent commissioners on transfer pricing

An independent commissioner in a company is someone who does not have a special relationship such as a business relationship or family relationship even with shareholders. With the board of commissioners in the company, it is hoped that they can always carry out more effective supervision of managers in the company (Sitorus et al., 2015). The research on good corporate governance proxies by independent commissioners was carried out by Sa’diah and Afriyenti (2021) who stated that independent commissioners had no effect on transfer pricing.

H3: Good corporate governance represented by the board of independent commissioners has an effect on transfer pricing.

The effect of institutional ownership on transfer pricing

Institutional ownership is one of the ownership structures that is believed to be one of the factors that influence the running of a company. Research conducted by Apriyanti et al., 2020) stated that institutional ownership has no significant effect on the transfer pricing method policy. Research conducted by Purnamasari (2020) stated that institutional ownership has a negative effect on transfer pricing.

H4: Good corporate governance as a proxy for institutional ownership has an effect on transfer pricing.

Effect of audit committee on transfer pricing

Research on good corporate governance proxied by the audit committee was conducted by Wijaya and Amalia (2020) who stated that the variable of good corporate governance proxied by the audit committee had a negative effect on transfer pricing. These results indicate that the higher the level of existence of the number of audit committees in a company, the higher the quality of good corporate governance in carrying out its activities in the company. The audit committee will be more open and accountable. Meanwhile, according to Fujianiti et al. 2021), good corporate governance as proxied by the audit committee does not have a significant effect on transfer pricing decisions, because other parties have a larger decision-making role than the company's audit committee.

H5: Good corporate governance represented by the audit committee has an effect on transfer pricing.

Effect of tax avoidance on transfer pricing

Research on tax avoidance on transfer pricing carried out by Sa’diah and Afriyenti (2021) stated that the variable tax avoidance has a positive effect on transfer pricing. Meanwhile, according to Rosad et al. (2020), tax avoidance has a direct (positive) and significant effect on transfer pricing because the greater the tax reduction, the higher the decision taken by the company to transfer pricing. This shows that the greater the tax savings, the higher the company's decision to carry out transfer pricing activities. Conversely, the smaller the tax savings, the lower the company's decision to carry out transfer pricing activities.

H6: Tax avoidance affects transfer prices

Tax avoidance moderates the effect of the bonus mechanism on transfer pricing

The bonus mechanism is an award given by the company to the directors and employees based on the performance of the directors and employees in a company (Mineri & Paramitha, 2021). According to research conducted by Arum Sasi Andayani (2020) and Mineri and Paramitha (2021), both studies stated that the bonus mechanism has no effect on transfer pricing. Research conducted by Sa’diah and Afriyenti (2021) stated that the tax avoidance variable has a positive effect on transfer pricing.

H7: Tax avoidance moderates the effect of the bonus mechanism on transfer pricing.

Tax avoidance moderates the influence of the board of directors on transfer pricing.

Tax avoidance is a taxation scheme to reduce tax objects that are seen as objects in legally enforced taxation. The method used in tax evasion tends to cover the actual amount of company income to the tax authorities. The technique used in tax avoidance is to take advantage of the weakness of the applicable tax laws and regulations.

The board of directors is responsible for the company's losses caused by the directors not managing the company in accordance with the purposes and objectives of the company's articles of association, correcting the operational policies of PT and Law Number 40 of 2007 concerning Limited Liability Companies (Sitorus et al., 2015). Transfer pricing is one of the most important things for a company that transacts goods and services with a group of companies and has a special relationship with other companies (Sa’diah & Afriyenti, 2021).
H8: Tax avoidance moderates the influence of good corporate governance as proxied by the board of directors on transfer pricing.

**Tax avoidance moderates the influence of independent commissioners on transfer pricing**

The role of the independent board of commissioners in the company is to assist the company's operations where the independent commissioners in the company do not have special relationships with anyone, for example, family relationships, or business relationships, and even have special relationships with shareholders.

Research conducted by Sa'diah and Afriyenti (2021) regarding good corporate governance promoted by independent commissioners and regarding tax avoidance in transfer pricing claimed that independent commissioners have no effect on transfer pricing and stated that the variable tax avoidance has a positive effect on transfer pricing.

H9: Tax avoidance moderates the influence of good corporate governance as proxied by the independent commissioner on transfer pricing.

**Tax avoidance moderates the effect of institutional ownership on transfer pricing**

In investing in institutional stocks, an institution has a great interest in investment. This is usually what makes the institution hand over responsibility to certain divisions to manage investments in the company. Research conducted by Apriyanti et al. (2020) stated that institutional ownership has no significant effect on transfer pricing method policies, while according to research conducted by Purnamasari (2020), it was stated that institutional ownership has a negative effect on transfer pricing. Research conducted by Sa'diah and Afriyenti (2021) stated that the tax avoidance variable has a positive effect on transfer pricing.

H10: Tax avoidance moderates the effect of good corporate governance as proxied by institutional ownership on transfer pricing.

**Tax avoidance moderates the influence of the audit committee on transfer pricing**

Audits carried out by auditors can be good or bad in which if the company has a good auditor, it is less likely for managers to manipulate earnings to reduce corporate tax payments. Research on good corporate governance proxied by the audit committee was conducted by Wijaya and Amalia (2020) who stated that the variable of good corporate governance proxied by the audit committee has a negative effect on transfer pricing. Research conducted by Sa'diah and Afriyenti (2021) stated that the tax avoidance variable has a positive effect on transfer pricing.

H11: Tax avoidance moderates the influence of good corporate governance as proxied by the audit committee on transfer pricing.

**METHODOLOGY**

This quantitative research employed SPSS statistics version 24 and Microsoft Excel for Windows 2007 to analyze the data. This study used descriptive research where the objective of this research is the bonus mechanism (x1), good corporate governance proxied by directors, independent commissioners, and institutional ownership, audit committee (x3), transfer pricing (y), and tax avoidance (z). This study drew sources from the financial statements and annual reports of food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2016 to 2020. Researchers accessed data on the official website of the Indonesia Stock Exchange (IDX) or the Indonesia Stock Exchange (IDX). The population observed in this study was the food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) from 2016 to 2020 with a total sample of 30 companies.

The sampling technique used in this research is purposive sampling where the sampling technique was carried out with certain considerations and criteria. Based on the results of the researchers' observations, 10 companies were selected for this study with the following criteria:

1. Food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2016 to 2020 period.
2. Food and beverage sub-sector companies whose financial reports have been published for 5 consecutive years from 2016 to 2020
3. Food and beverage sub-sector companies that have complete data during the research period are related to the factors studied.

From the criteria above, the researchers selected 10 food and beverage sector companies listed on the Indonesia Stock Exchange (IDX) from 2016 to 2020 period as samples.
Instrument

This study developed an instrument to measure each variable by operationally defining each variable for each instrument. Table 1 displays the measurement instruments in this study.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Measurement Indicator</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer fee</td>
<td>Receivables from related party transactions x 100% / Total accounts receivable</td>
<td>(Ginting et al., 2020)</td>
</tr>
<tr>
<td>Tax evasion</td>
<td>Tax expense / Profit before tax</td>
<td>(Sa’diah &amp; Afriyenti, 2021)</td>
</tr>
<tr>
<td>Bonus Mechanism</td>
<td>Net profit for the year tx 100% / Net profit year t-1</td>
<td>(Ginting et al., 2021)</td>
</tr>
<tr>
<td>Board of directors</td>
<td>Board of Directors</td>
<td>(Widyati, 2013)</td>
</tr>
<tr>
<td>Independent Commissioner</td>
<td>Number of independent commissioners x 100% / Number of commissioners</td>
<td>(Iqbal &amp; Putra, 2018)</td>
</tr>
<tr>
<td>Institutional Ownership</td>
<td>Number of shares owned by the institution x 100% / Number of shares outstanding</td>
<td>(Rejeki et al., 2019)</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>Audit Committee</td>
<td>(Hartina, 2018)</td>
</tr>
</tbody>
</table>

RESULTS AND FINDINGS

Descriptive statistics

According to Ghozali (2006), descriptive statistics provide an overview or description of data seen from the average value (mean), standard deviation, variance, maximum, minimum, summation, range, kurtosis, and skewness.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Means</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer fee</td>
<td>0.1875</td>
<td>0.17858</td>
<td>40</td>
</tr>
<tr>
<td>Bonus Mechanism</td>
<td>1.0900</td>
<td>0.33650</td>
<td>40</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>6.2750</td>
<td>1.99984</td>
<td>40</td>
</tr>
<tr>
<td>Independent Commissioner</td>
<td>2.125</td>
<td>0.09920</td>
<td>40</td>
</tr>
<tr>
<td>Institutional Ownership</td>
<td>2.1925</td>
<td>1.00292</td>
<td>40</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>3.0000</td>
<td>0.22646</td>
<td>40</td>
</tr>
<tr>
<td>Tax evasion</td>
<td>-0.0725</td>
<td>0.25418</td>
<td>40</td>
</tr>
</tbody>
</table>

Based on Table 2 above, it can be seen that a statistical descriptive analysis was conducted on 10 food and beverage sub-sector companies listed on the Indonesia Stock Exchange during the 2016 to 2020 period. Based on the data above, the average value for transfer pricing variable is 0.1875 with a standard deviation of 0.17858. The average value for bonus mechanism variable is 1.0900 with a standard deviation of 0.33650. The board of directors was found to have an average value of 6.2750 with a standard deviation of 1.99984. The independent commissioner variable was found to have an average value of 2.125 with a standard deviation of 0.09920. The average value for institutional ownership variable is 2.1925 with a standard deviation of 1.00292. The audit committee variable has an average value of 3.0000 with a standard deviation of 0.22646. The tax avoidance variable has an average value is -0.0725 with a standard deviation of 0.25418.

Normality test

The normality test was carried out using the Kolmogorov-Smirnov test and the Standardized Regression PP Normal Plot. In the Kolmogorov-Smirnov test, if the significance value is greater than 0.05, then the residual data is normally distributed. On the other hand, if the significance value is less than 0.05, then the residual data is not normally distributed.
Table 3. Kolmogorov-Smirnov Test One Sample

<table>
<thead>
<tr>
<th></th>
<th>Non-Standard Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>40</td>
</tr>
<tr>
<td>Normal Parameters a,b</td>
<td>Means</td>
</tr>
<tr>
<td></td>
<td>Std. Deviation</td>
</tr>
<tr>
<td>The Most Extreme Difference</td>
<td>Absolute</td>
</tr>
<tr>
<td></td>
<td>Positive</td>
</tr>
<tr>
<td></td>
<td>Negative</td>
</tr>
<tr>
<td>Test Statistics</td>
<td></td>
</tr>
<tr>
<td>sour. Signature (2-tail)</td>
<td></td>
</tr>
</tbody>
</table>

a. Normal test distribution.
b. Calculated from the data.
c. Lilliefors Significance Correction.
d. This is the lower limit of the true meaning.

Based on Table 3, it can be seen that the significant value (asymp. sig. 2-tailed) after moderation is 0.200, indicating that the value is significant because it is greater than 0.05 (0.490 > 0.05), so the residual data are normally distributed.

Figure 2. Plot of Normal PP Residual Standard Regression

It is known that the normality test results show that the points spread around the line and follow the diagonal line on the P-Plot Normal graph of Regression, then the residual value is normally distributed. Thus, the regression meets the assumption of normality.

Multicollinearity Test

This multicollinearity test was conducted to test whether a regression model has a correlation between independent variables. In this test, the VIF between the independent variables is seen. If the VIF in each variable shows a number > 10 and the tolerance value is < 0.1, then this is a result of multicollinearity.

Table 4. Multicollinearity Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>(Constant)</td>
<td></td>
</tr>
<tr>
<td>Bonus Mechanism</td>
<td>.371</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>.593</td>
</tr>
<tr>
<td>Independent Commissioner</td>
<td>.253</td>
</tr>
<tr>
<td>Institutional Ownership</td>
<td>.736</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>.828</td>
</tr>
<tr>
<td>Tax evasion</td>
<td>.731</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Transfer Price
From the multicollinearity test, it can be seen that the influential variable has a tolerance value > 0.10 and a VIF value < 10, so it can be concluded that there is no multicollinearity in the regression model.

**Heteroscedasticity Test**

The heteroscedasticity test is a condition wherein the regression model, there is an inequality of variance from the residuals in one observation to another. A good regression model is that there is no heteroscedasticity. The criterion in the heteroscedasticity test is to see the pattern of dots on the scatterplot.

Based on Figure 3, it can be seen that the points spread randomly and are spread both above and below zero on the Y-axis. Thus, it can be concluded that there is no heteroscedasticity.

**Autocorrelation Test**

The test method was carried out by using the Durbin-Watson test. This method is used to detect problems with autocorrelation, including problems with autocorrelation.

The Durbin-Watson test yields a value of 1.703, which means that there is no autocorrelation between confounding errors between periods. In this case, it can be seen in the results that the Durbin-Watson (DW) is between -2 and +2, which means that the DW number is greater than -2 and less than +2 (-2, +2). So from the results in the table above, it can be concluded that there is no positive or negative autocorrelation.

**Multiple Regression Analysis**

In this study, two regression models were tested with two regression methods, namely multiple linear regression and moderated regression analysis. The variables used are the bonus mechanism, the board of directors, independent commissioners, institutional ownership, the audit committee as the independent variable, transfer pricing as the dependent variable, and tax avoidance as the moderating variable. The results of the regression analysis can be seen in the table below.
Table 6. Multiple Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Non-standard coefficient</th>
<th>Standard Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.040</td>
<td>.482</td>
</tr>
<tr>
<td>Bonus Mechanism</td>
<td>-.142</td>
<td>.149</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>-.043</td>
<td>0.048</td>
</tr>
<tr>
<td>Independent Commissioner</td>
<td>2.271</td>
<td>.851</td>
</tr>
<tr>
<td>Institutional Ownership</td>
<td>0.075</td>
<td>0.049</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>-.036</td>
<td>0.099</td>
</tr>
<tr>
<td>Tax evasion</td>
<td>-.044</td>
<td>1.700</td>
</tr>
<tr>
<td>X2Z</td>
<td>-.051</td>
<td>.572</td>
</tr>
<tr>
<td>X3_1Z</td>
<td>-.274</td>
<td>.157</td>
</tr>
<tr>
<td>X3_2Z</td>
<td>3.550</td>
<td>3.788</td>
</tr>
<tr>
<td>X3_3Z</td>
<td>.407</td>
<td>.173</td>
</tr>
<tr>
<td>X3_4Z</td>
<td>.067</td>
<td>.334</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Transfer Price

From the table above, it can be seen that the results of multiple regression analysis have a constant value of 0.040. The coefficient value for the bonus mechanism variable is -0.142. The coefficient value for tax avoidance is -0.044. The coefficient value for the moderator variable is -0.051. Based on the results of the regression, the test obtained the regression equation: Y = 0.040 + -0.142X1 - 0.044X6 + -0.051 X1X6 + e. The result of multiple regression analysis constant value is 0.040. The coefficient value for the board of directors variable is -0.043. The coefficient value for tax avoidance is -0.044. The coefficient value for the moderator variable is -0.051. Based on the results of the regression test obtained the regression equation: Y = 0.040 + -0.043X2 - 0.044X6 + -0.274 X2X6 + e, the result of multiple regression analysis constant value is 0.040. The coefficient value for the independent commissioner variable is 2.271. The coefficient value for tax avoidance is -0.044. The coefficient value for the moderator variable is 3.550.

Based on the results of the regression test, the regression equation is obtained: Y = 0.040 + 2.271X3 - 0.044X6 + 3.550 X3X6 + e. The result of multiple regression analysis constant value is 0.040. The coefficient value for the institutional ownership variable is 0.075. The coefficient value for tax avoidance is -0.044. The coefficient value for the moderator variable is 0.407. Based on the results of the regression, the test obtained the regression equation: Y = 0.040 + 0.075X4 - 0.044X6 + 0.407X4X6 + e. The result of multiple regression analysis constant value is 0.040. The coefficient value for the audit committee variable is -0.036. The coefficient value for tax avoidance is -0.044. The coefficient value for the moderator variable is 0.067. Based on the results of the regression test, the regression equation is obtained: Y = 0.040 + -0.036X5 - 0.044X6 + 0.067 X5X6 + e.

Simultaneous Hypothesis Testing (F Test)

Criteria in decision making by comparing Sig-F with = 0.05. If Sig-F < 0.05, then the regression coefficient is significant, and if Sig-F > 0.05, then the regression coefficient is not significant.

Table 7. Simultaneous Hypothesis Testing (F Test)

<table>
<thead>
<tr>
<th>Model</th>
<th>Number of Squares</th>
<th>df</th>
<th>Square Average</th>
<th>F</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>.816</td>
<td>11</td>
<td>.074</td>
<td>4,861</td>
</tr>
<tr>
<td>Remainder</td>
<td>.427</td>
<td>28</td>
<td>0.015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,244</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Transfer Price
b. Predictors: (Constant), X3_4Z, institutional ownership, bonus mechanism, board of directors, audit committee, independent commissioner, X3_3Z, X2Z, X3_1Z, X3_2Z, Tax Avoidance
It can be concluded that the Bonus Mechanism (X21), Directors (X2), Independent Commissioner (X3), Institutional Ownership (X4), and Audit Committee (X5) jointly affect the Transfer pricing variable (Y) with a significance level of 0.000. In decision-making, this hypothesis can be seen by comparing the value of the probability p with the level of significance. If the probability value of p (column sig) of significance level is 5%, it can be concluded that the value of probability (column of sig.) p < the level of significance is 5%. This indicates that the independent variables have a simultaneous effect on the dependent variable.

**Partial Hypothesis Testing (T-Test)**

This T-test was conducted to determine the significance of the regression coefficient. Decision criteria are taken by comparing Sig-t with = 0.05. If Sig-t < 0.05, then the regression coefficient is significant, and if Sig-t > 0.05, then the regression coefficient is not significant.

**Table 8. Partial Hypothesis Testing (T-test)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Non-standard coefficient</th>
<th>Standard Coefficient</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>0.040</td>
<td></td>
<td>,482</td>
<td></td>
<td>,084</td>
<td>,934</td>
</tr>
<tr>
<td>Bonus Mechanism</td>
<td>-1,142</td>
<td></td>
<td>,149</td>
<td>-267</td>
<td>-950</td>
<td>,350</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>-0.043</td>
<td></td>
<td>0.048</td>
<td>-486</td>
<td>-904</td>
<td>,374</td>
</tr>
<tr>
<td>Independent Commissioner</td>
<td>2.271</td>
<td></td>
<td>,851</td>
<td>1.262</td>
<td>2.670</td>
<td>,012</td>
</tr>
<tr>
<td>Institutional Ownership</td>
<td>0.075</td>
<td></td>
<td>0.049</td>
<td>,422</td>
<td>1.540</td>
<td>,135</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>-0.036</td>
<td></td>
<td>0.099</td>
<td>-0.46</td>
<td>-365</td>
<td>,718</td>
</tr>
<tr>
<td>Tax evasion</td>
<td>-0.044</td>
<td></td>
<td>1.700</td>
<td>-0.63</td>
<td>-0.26</td>
<td>979</td>
</tr>
<tr>
<td>X2Z</td>
<td>-0.051</td>
<td></td>
<td>0.572</td>
<td>-0.83</td>
<td>-0.89</td>
<td>,930</td>
</tr>
<tr>
<td>X3_1Z</td>
<td>-0.274</td>
<td></td>
<td>,157</td>
<td>-2.670</td>
<td>-1.746</td>
<td>,092</td>
</tr>
<tr>
<td>X3_2Z</td>
<td>3.550</td>
<td></td>
<td>3.788</td>
<td>1.191</td>
<td>,937</td>
<td>357</td>
</tr>
<tr>
<td>X3_3Z</td>
<td>.407</td>
<td></td>
<td>,173</td>
<td>1.359</td>
<td>2.355</td>
<td>,026</td>
</tr>
<tr>
<td>X3_4Z</td>
<td>.067</td>
<td></td>
<td>,334</td>
<td>,285</td>
<td>,200</td>
<td>,843</td>
</tr>
</tbody>
</table>

The results of the t-test showed a significant value of the bonus mechanism of 0.350, greater than 0.05. Significant level (0.350 > 0.05), then H1 is rejected. The bonus mechanism has no effect on transfer pricing, meaning that the bonus mechanism contained in the company will not affect the company to carry out transfer pricing and the rational mechanism used in transfer pricing. A bonus mechanism is a form of company appreciation for the work they do and produce for the company. This study is in line with research conducted by Novira et al. (2020) which stated that the bonus mechanism has no effect on transfer pricing decisions.

The results of the t-test indicate the significance value of the board of directors is 0.374, greater than 0.05. Significant level (0.374 > 0.05), then H2 is rejected. The board of directors does not influence transfer pricing. This can mean that the board of directors in the company is tasked with determining the best policy for the company. The fewer the number of directors in the company, the easier it is for the directors to determine the best course of action for the company.

The results of the t-test indicate that the significance value of the independent commissioner is 0.012, less than 0.05. Significant level (0.012 < 0.05), then H3 is accepted. Independent commissioners have an influence on transfer pricing, meaning that independent commissioners have the right to make company decisions. The number of independent commissioners in the company must be above 50% to balance the votes of the board of commissioners in the company. This study is not in line with the research conducted by Sa’diah and Afriyenti (2021) which showed that independent commissioners had no effect on transfer pricing.

The results of the t-test show that the significance value of institutional ownership is 0.135, which is greater than 0.05. Significant level (0.135 > 0.05), then H4 is rejected. Institutional ownership has no effect on transfer pricing. This is because companies that have high institutional ownership in the company will be more sensitive in making policies. The existence of institutional ownership is forcing management in the company to avoid selfish and selfish nature.

The results of the t-test indicate the significance value of the audit committee is 0.718, which is greater than 0.05. Significant level (0.718 > 0.05), then H5 is rejected. The audit committee in this study has no influence on transfer pricing. This is because each company will improve the quality of its good corporate governance. The company has an audit committee of at least 3 members in the company. The audit committee was formed to carry out its duties to control the company in making financial statements and prevent companies from manipulating their financial statements.

The results of the t-test show a significant value of tax avoidance of 0.979, which is greater than 0.05. Significant level (0.909 > 0.05), then H6 is rejected. Tax avoidance has no effect on transfer pricing, this is in line with research conducted by Sa’diah and Afriyenti (2021) which stated that tax avoidance has no significant effect on transfer pricing.
This is because if the value of ETR or the Effective Tax Rate of a company is higher and larger, the transfer pricing rate of the company will be lower.

The significant value of the bonus mechanism after being moderated is 0.930, greater than 0.05. Significant level (0.930 > 0.05), then H7 is rejected. This shows that the moderating relationship of tax avoidance cannot moderate the effect of the bonus mechanism on transfer pricing. Since tax avoidance is not the basis for transfer pricing, this makes tax avoidance unable to strengthen the effect of the bonus mechanism on transfer pricing.

The significant value of the board of directors after being moderated is 0.092, which is greater than 0.05. Significant level (0.092 > 0.05), then H8 is rejected. This shows that the moderating relationship of tax avoidance cannot moderate the influence of the board of directors on transfer pricing because tax avoidance is not the cause of transfer pricing. This makes tax avoidance unable to strengthen the influence of directors on transfer pricing.

The independent commissioner's significant value after being moderated was 0.357, which was greater than 0.05. Significant level (0.357 > 0.05), then H9 is rejected. This shows that the moderating relationship of tax avoidance cannot moderate the influence of independent commissioners on transfer pricing because tax avoidance is not the cause of transfer pricing. This makes tax avoidance unable to strengthen independent commissioners on transfer pricing.

The significance value of institutional ownership after being moderated is 0.026, less than 0.05. Significant level (0.026 < 0.05), then H10 is accepted. This shows that tax avoidance can moderate the effect of institutional ownership on transfer pricing.

The significant value of the audit committee after being moderated is 0.843, which is greater than 0.05. Significant level (0.843 > 0.05), then H11 is rejected. This shows that the moderating relationship of tax avoidance can moderate the effect of the audit committee on transfer pricing because tax avoidance is not the cause of transfer pricing. This makes tax avoidance unable to strengthen the audit committee regarding transfer pricing.

CONCLUSION

This study provides empirical evidence on the effect of bonus mechanisms, and good corporate governance on transfer pricing with tax avoidance as a moderating variable. The bonus mechanism does not affect the transfer pricing of food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2016 to 2020 period. The board of directors does not affect the transfer pricing of food and beverage sub-sector companies listed on the Indonesia Stock Exchange as well. However, the independent commissioner has an effect on transfer pricing for food and beverage sub-sector companies listed on the Indonesia Stock Exchange. The audit committee was found to have no effect on transfer pricing for food and beverage sub-sector companies listed on the Indonesia Stock Exchange. This is similar to tax avoidance. Tax avoidance cannot moderate the effect of the bonus mechanism on transfer pricing for food and beverage sub-sector companies. Tax avoidance also cannot moderate the influence of directors on transfer pricing in food and beverage sub-sector companies listed on the Indonesian Stock Exchange. Similarly, it also cannot moderate the influence of independent commissioners on transfer pricing in food and beverage sub-sector companies. However, it can moderate the effect of institutional ownership on transfer pricing in sub-sector companies. Tax avoidance also cannot moderate the influence of the audit committee on transfer pricing in food and beverage sub-sector companies listed on the Indonesian stock exchange for the period 2016 to 2020.

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WRITER BIOGRAPHY

Rio Johan Putra
Rioacun99@gmail.com
Rio Johan is an Indonesian Chartered Accountant with expertise in Taxation, Accounting, and Law. He focuses on Financial Statement Analysis, Forensic Auditing and Auditing, Tax & Transfer Pricing, Mergers and Acquisitions Law and Business Law. Rio Johan has experience as a Tax Consultant specialist in the Transfer Pricing Division, and now Rio Johan joins UTA'45 Jakarta as a Lecturer in Accounting and Business Law.

Amalia Astiani Rizkillah
astianiamalia@gmail.com
Amalia Astiani is currently pursuing her undergraduate education at UTA'45 Jakarta majoring in accounting.