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THE EFFECT OF TAXES, BONUS MECHANISM, TUNNELING INCENTIVES ON THE INDICATIONS OF DOING TRANSFER PRICING IN MINING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (2018-2021)

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ABSTRACT

This study aims to examine the effect of taxes, bonus mechanisms and tunneling incentives on transfer pricing of mining companies listed on the Indonesia Stock Exchange in 2018-2021 either partially or simultaneously. The independent variable in this study is tax (X1) bonus mechanism (X2) and tunneling incentive (X3) while the dependent variable in this study is transfer pricing. This type of research is quantitative research conducted using secondary data in the form of data from annual reports in 2018-2021. The population in this study are mining companies listed on the Indonesia Stock Exchange in 2018-2021. The sampling method used purposive sampling and obtained a sample of 20 companies or 80 samples of companies. Hypothesis testing was carried out using logistic regression analysis with the help of the SPSS v. 25 programs and Microsoft Office Excel software. The results of this study indicate that the variables of tax, bonus mechanisms and tunneling incentives have a positive and significant effect on transfer pricing of mining companies. This study shows that simultaneously taxes, bonus mechanisms, tunneling incentives have a positive effect on transfer pricing.

1. INTRODUCTION

Developments The era of increasing globalization has caused the economy and business in various countries to have developed rapidly without recognizing national borders. Companies do not only have domestic competitors but all over the world. This is used by business people to develop and expand their business in various countries that have the potential to generate greater profits in terms of sales, the flow of services and goods and human resources. The freedom in developing this business makes it easier for companies to carry out business transactions both between divisions and between company groups. Companies can even conduct business transactions through related companies or companies that have special relationships,

In Regulation of the Directorate General of Taxes no. PER32/PJ/2011 Article 1 paragraph 8, transfer pricing is pricing between parties who have a special relationship in transactions. Transfer pricing is usually carried out from the selling division to the buying division in a company to its affiliated company. With the current development of the business world, it encourages multinational companies to carry out their activities not only centered in one country, but in several countries and causes companies to carry out their production processes in production departments. The occurrence of transactions in various countries is caused by the high tax rates that must be paid by companies to the state which encourages companies to take transfer pricing actions where companies carry out sales transactions to parties who have special relations in countries that have lower tax rates or even countries with tax heaven status. This could give rise to indications of transfer pricing practices for tax evasion, because it is done with a special party, the selling price can be determined unfairly because market forces do not apply as they are. This will be difficult if a company has subsidiaries in various countries and that is what is currently happening (Khotimah, 2018).

Transfer pricingincluding threats that are quite serious for the tax authorities in Indonesia and in various countries, these threats can be identified by looking at the transfer prices used in transactions that often tend to be unreasonable with company processes. Carrying out transfer pricing that is not in

accordance with the arm's length principle can certainly cause problems. Transfer pricing must be considered by the tax authorities in a country because it can harm state revenues, as is the case in mining.

The factor indicated as a factor in the occurrence of transfer pricing activities is the bonus mechanism. Bonuses are a form of appreciation given when the company conducts GMS to management members who perform well during their term of office with evidence of increased profits from the previous year (Purwanti, 2010). This bonus mechanism originates from agency theory which states that company owners and company management who represent owners in managing the company have different orientations. The company owner wants management to have good performance to increase company profits while management wants additional income in the form of work bonuses for achievements while working. The profit generated from the company's operational activities can make management do everything possible to manipulate financial reports. One of them is transfer pricing activities in the form of selling goods to affiliated parties or those with special relationships who will later receive profits from sales and indirectly affect profits. The greater the profit earned, the greater the bonus that management will receive (Indriaswari, 2017).

Another factor that can be an indicator of a company practicing transfer pricing is the Tunneling Incentive. According to (Ananta, 2018) tunneling incentives are activities of transferring assets and sharing profits or granting special rights that are directly given to majority shareholders for their own benefit without regard to the rights of minority shareholders where minority shares also bear the costs charged by the company. . In this study, researchers are interested in researching transfer pricing because there are still many cases of manipulation of transfer pricing practices in companies. Transfer pricing is considered manipulative when transactions between affiliates have a motive to avoid the tax burden. With this manipulation, the tax authority has the authority to make corrections if the transaction price or profit is not reasonable. So in this study, researchers want to know what influences the indications of transfer pricing in mining companies. The phenomena that occur in mining companies 2018-2020 include:

Table 1 Registered mining company data on the IDX in 2018-2021

Company name		Transfer pricing (Y)	Tax (X1)	Mechanism bonus (X2)	Tunneling Incentives (X3)
	Year	**RPT**	**ETR**	**ITRENDL**	**TUN**
ADRO	2018	0.0092	0.7329	6.7934	2.5011
	2019	0.0317	0.5783	5.8269	2.5011
	2020	0.10612	0.28654	0.8668	1.0065
	2021	0.17931	0.69059	0.8647	3.9008
BSSR	2018	0.1605	0.3315	3.6932	3.4000
	2019	0.1740	0.3702	1.4357	3.4000
	2020	1.0786	0.2864	0.7290	3.2865
	2021	1.0876	0.2317	Oh, 3436	3.2752

Based on table 1 obtained fromwww.idx.co.id results of data collection regarding taxes, bonus mechanisms and tunneling incentives for mining companies listed on the IDX for 2018-2021. The phenomenon in the Adaro Energy Tbk company, namely transfer pricing in 2018-2021 has increased, meaning that companies have the opportunity to avoid taxes by transferring income to countries with low tax rates or transferring costs to countries with high tax rates.

The effect of the tax avoidance factor as seen from taxable income has decreased in 2018-2021, as well as the results of the bonus mechanism which has decreased in 2018-2021 which can be seen from the calculation of company profits. The phenomenon experienced by BSSR companies, namely transfer pricing in 2018-2021 has increased, meaning that there is an opportunity for companies to avoid taxes by means of transfer pricing. If you look at the taxes in 2018 to 2021, the ratio will decrease. As for tunneling incentives in 2018-2019 the ratio has decreased and when viewed from the bonus mechanism in 2018-2021 it has decreased significantly.

Researchers are interested in researching transfer pricing because there are still many cases of manipulation of transfer pricing practices in Indonesian companies. Transfer pricing is considered manipulative when transactions between affiliates have a motive to avoid the tax burden. With this manipulation, the tax authority has the authority to make corrections if the transaction price or profit is not reasonable. So in this study, researchers want to know what influences the indications of transfer pricing in mining companies.

2. METHODS

2.1 Type and Data Source

Type research used in this research is quantitative with a causal relationship. Quantitative causality in this study is the process of measuring the effect of the independent variables on the dependent variable. This method also measures the strength of the relationship between two or more variables and aims to find the direction of influence between the independent variable and the dependent variable (Sugiyono, 2016). This type of research is causal quantitative which aims to determine the effect of taxes, bonus mechanisms and tunneling incentives on transfer pricing indications on the Indonesia Stock Exchange. Data collection techniques are carried out to obtain information as an effort to achieve research objectives. The method used in this research is as follows:

a. Library Studies
   In this study, the authors obtained some information from knowledge that can be used as a guide in research, namely by reading and understanding literature, books, journals, symposium results related to the discussion of the problems needed.
b. Documentation Method
   The data collection method in this study was carried out using secondary data, namely by viewing and understanding the financial statements of mining companies listed on the Indonesia Stock Exchange through the official website.*www.idx.co.id* company's annual report data and the company's website being researched.

2.2 Analysis Method

This study uses quantitative data analysis techniques. Quantitative data analysis is carried out by analyzing the problems that are realized quantitatively and in this research it is carried out by quantifying research data so as to produce the information needed at the time of the research. Research in this analysis uses logistic regression (logistic regression) with the help of the SPSS program. The use of logistic regression is used because the dependent variable is dichotomous (the decision to carry out transfer pricing is promoted by the existence of sales to parties who have special relationships). This study was analyzed using logistic regression because there is no need to assume the normality of the independent variable data.

a. Descriptive Statistical Analysis Techniques
   According to Ghozali (2018) Descriptive Statistical Analysis aims to explain the description of the data from all variables that will be included in the study seen from the minimum value, maximum value and standard deviation. The mean is used to estimate the average size of the sample. The standard deviation is used to assess the average of the sample. The maximum and minimum are the largest and smallest values from the data used in this study to see the maximum and minimum values of the population. This is necessary in this study to see an overall picture of the samples that were successfully collected and met the requirements to be sampled in this study.

b. Logistic Regression Analysis
   The logistic regression test is used to determine how much the capacity of the independent variables, namely the Effect of Taxes (X1), Bonus Mechanisms (X2) and Tunneling Incentives (X3), affect the dependent variable, namely Transfer Pricing (Y). The regression model in this study is a non-linear regression because in the testing process it uses nominal measurement scale data so that it uses a logistic regression equation. This equation also does not use classical assumption data in its testing because the classic assumption test is only used for this type of regression test (Ghozali, 2018). Based on the logistic regression equation, which is as follows:

$$Yt = ά + ß1X1 + ß2X22 + ß3X3 + e$$

Information :
Y = Transfer Pricing
a = Constant
b1-b3 = independent variable coefficient
X1 = Tax
X2 = Bonus Mechanism
X3 =*Tunneling Incentive*s
e = Standard Error

c. Testing Fit Model Feasibility

The feasibility of the regression model was assessed using the Model Fit Test by looking at the

Hosmer and Lemeshow test values. According to Ghozali (2018), the use of this test model is intended to test the null hypothesis that the empirical data is consistent with the model and there is no difference between the model and the data so that the model can be said to be fit. The determination criteria are as follows:

1. If the value of the Model Fit statistic is <0.05 then the null hypothesis is rejected.
2. If the value of the Model Fit statistic is > 0.05, the null hypothesis is accepted.

d. Assessing Model Fit (Overall Model Fit)

This test is used to assess the model that has been hypothesized to be fit or not with the data. The hypothesis for assessing model fit is as follows:

1. H0 : The hypothesized model is fit with the data.
2. H1 : The hypothesized model does not fit the data.

From this hypothesis, in order for the model to fit the data, H0 must be accepted. The statistics used are based on Likelihood. Likelihood L of the model is the probability that the hypothesized model describes the input data. To test the null and alternative hypotheses, L is transformed to -2 LogL. The SPSS output gives two -2 LogL values, namely one for a model that only includes constants and one for models with constants and free additions. There is a reduction in the value between the initial -2LogL and -2LogL values in the next step indicating that the hypothesized model fits the data (Ghozali, 2018). The Log Likelihood in logistic regression is similar to the Sum of Square Error in the regression model, so the decrease in the Log Likelihood model shows a good regression model.

e. Coefficient of Determination (Nagalkerke R2)

The coefficient of determination test (R2) is used to measure how far the model's ability to explain the variation of the independent variables can be seen from the Nagelkerke R Square value. In testing the first hypothesis the coefficient of determination is seen in the magnitude of the value (Nagalkerke R2). The value (Nagalkerke R2) has an interval between 0 and 1. If the value of Nagalkerke R2 is large (close to 1) then it can be said that the independent variable can provide almost all the information needed to predict the dependent variable. Meanwhile, if the value of (Nagalkerke R2) is small, the ability of the independent variables to explain the dependent variable is very limited.

f. Wald test (Partial t test)

According to Ghozali (2018), the wald test (t) basically shows how far the influence of the independent variables is partially in explaining the dependent variable. To find out the value of the Wald test (t test), the significance level is 5%. The decision making criteria are as follows:

- If the p-value > 0.05 then H0 is accepted and Ha is rejected, meaning that one of the independent variables does not affect the dependent variable.
- If the p-value <0.05 then H0 is rejected and Ha is accepted, meaning that one of the independent variables affects the dependent variable.

g. TestOmnibus Tests of Model Coefficients (Simultaneous Test f)

According to Ghozali (2018), the Omnibus test of model coefficients (f) basically shows how far the influence of all independent variables simultaneously explains the dependent variable. To find out the value of the Omnibus test of model coefficients (f), the significance level is 5%.

The decision making criteria are as follows:

- If the p-value > 0.05 then H0 is accepted and Ha is rejected, meaning that all independent variables do not affect the dependent variable.
- If the p-value <0.05 then H0 is rejected and Ha is accepted, meaning that all independent variables influence the dependent variable.

3. RESULTS AND DISCUSSION

3.1 Descriptive Statistical Test Results

Table 2 Descriptive Statistics Test Statistics

		Tax	Bonus Mechanism	Tunneling Incentives	Transfer Pricing
N	Valid	80	80	80	80
	missing	0	0	0	0

Means	.145518	2.309545	.30	.21
Median	.346750	1.125900	.00	.00
Mode	-8.8014a	1.7200	0	0
std. Deviation	1.4773318	5.1718612	.461	.412
Minimum	-8.8014	-2.8408	0	0
Maximum	1.1321	35.5506	1	1
sum	11.6414	184.7636	24	17

a. Multiple modes exist. The smallest value is shown

Based on the results of the descriptive statistical data above, it can be concluded as follows:

1. For variable Y, namely transfer pricing, it has a maximum value of 1 and a minimum value of 0. The mean value obtained is 0.210 with a standard deviation value of 0.412. From the results of processing the data obtained, the mean value is smaller than the standard deviation value, which means that the deviation of the data that occurs is low, so the distribution of values is evenly distributed.
2. For variable X1, namely taxes, it has a maximum value of 1.1321 and a minimum value of -8.8104. The mean value obtained is 0.1455 with a standard deviation value of 1.4773. From the results of processing the data obtained, the mean value is smaller than the standard deviation value, which means that the deviation of the data that occurs is low, so the distribution of values is evenly distributed.
3. For variable X2, namely the bonus mechanism, it has a maximum value of 35.55 and a minimum value of -2.84. The mean value obtained is 2.309 with a standard deviation value of 5.171. From the results of processing the data obtained, the mean value is smaller than the standard deviation value, which means that the deviation of the data that occurs is low, so the distribution of values is evenly distributed.
4. For variable X3, namely Tunneling Incentive, it has a maximum value of 1 and a minimum value of 0. The mean value obtained is 0.30 with a standard deviation value of 0.461. From the results of processing the data obtained, the mean value is smaller than the standard deviation value, which means that the deviation of the data that occurs is low, so the distribution of values is evenly distributed.

3.2 Logistic Regression Analysis Test

Table 3 Logistic Regression Analysis Variables in the Equation

B			SE	Wald	Df	Sig.	Exp(B)
Step 1a	Tax	1,525	1028	2,203	1	.138	4,596
	Bonus Mechanis	042	048	.771	1	.380	1,043
	Tunneling Incentives	.020	.616	081	1	.974	1021
	Constant	2021	.607	11085	1	001	.133

a. Variable(s) entered on step 1: Tax, Bonus Mechaniss, Tunneling Incentive

Based on the results of the logistic regression test above, the regression equation can be formed as follows:

$$Y(tf) = 2.021 + 1.525X1 + 0.042X2 + 0.020X3 + e$$

Based on this equation, the way to interpret/analyze logistic regression with a positive profitability = 1 approach is as follows:

1. A constant of 2.021 (positive) means that if there are taxes, bonus mechanisms and tunneling incentives, there tends to be transfer pricing practices at mining companies listed on the Indonesia Stock Exchange. It states that if taxes, bonus mechanisms and tunneling incentives are 0, then transfer pricing increases by 2.021%.
2. The regression coefficient of the tax variable is 1.525 (positive) which means that every time a tax occurs in a company, there tends to be transfer pricing in mining companies listed on the Indonesia Stock Exchange. This states that if the tax variable increases by 1% then the transfer pricing variable increases by 1.525%. This is because when managers minimize income tax costs by using aggressive or tax avoidance methods, it tends to increase transfer pricing transactions within a company.
3. 3. The regression coefficient of the bonus mechanism variable is 0.042 (positive) which means that whenever a bonus mechanism occurs within the company, there tends to be a possibility of transfer pricing at mining companies listed on the Indonesia Stock Exchange. This states that if the bonus

mechanism variable increases by 1% then the transfer pricing variable increases by 0.042%. This is because when managers increase profits with the aim of obtaining compensation or rewards using the bonus mechanism method, it will increase transfer pricing transactions within a company to obtain the desired operational profit.

4. The regression coefficient of the tunneling incentive variable is 0.020 (positive) which means that whenever taxes occur in the company, there tends to be a possibility of transfer pricing in mining companies listed on the Indonesia Stock Exchange. This states that if the tunneling incentive variable increases by 1% then the transfer pricing variable increases by 0.020%. This is because when managers minimize costs by using the method of determining tunneling incentives, it will increase transfer pricing transactions within a company.

3.3 Model Fit Feasibility Test

Table 4 Hosmer Test and Lemeshow Test Hosmer and Lemeshow Test

step	Chi-square	df	Sig.
1	10,557	8	.228

In table 4 above, the results of the Hosmer and Lemeshow test can be concluded that based on the SPSS Homer and Lemeshow test output table above, it is known that the significance value is 0.228. This value is greater than the research alpha, which is 0.05 (0.228 > 0.05). So it can be concluded that H0 is accepted and it means that the regression model fits the research data, so that the logcitsik regression model is feasible to use for the next stage.

3.4 Model Fit Test ((Overall Model Fit)

Table 5 Likelihood Test Results Iteration History a, b, c, d

Iterations		-2 Likelihood logs	Coefficients			
			Constant	Tax	Bonus Mechanism	Tunneling Incentives
Step 1	1	81,756	-1,226	.131	024	008
	2	80512	-1,464	.326	.030	.009
	3	79,556	-1,656	.760	.034	.015
	4	78,978	-1,966	1,436	040	.021
	5	78,968	-2020	1,524	042	.020
	6	78,968	-2,021	1,525	042	.020
	7	78,968	-2,021	1,525	042	.020

a. Method: Enter
b. Constant is included in the model.
c. Initial -2 Log Likelihoods: 82,760
d. Estimation terminated at iteration number 7 because parameter estimates changed by less than 001.

Table 6 Summary Model Table Test Results Summary models

step logs	-2 Likelihood	Cox & Snell R Square	Nagelkerke R Square
1	78.968a	.446	.572

a. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.

Based on the likelihood test data and model summary table test above, it can be concluded that the -2log likelihood value has decreased from step 0 which is 82.760 to step 1 which is 78.968. This means that the logistic regression model that is formed is better because there is a reduction in the value between the initial -2LogL and the -2LogL value in the next step which shows that the hypothesized model is fit with the data (Ghozali, 2018).

3.5 Determination Coefficient Test (Negelkerke R2)

Table 7 Negelkerke R Square Test Results Summary models

step logs	-2 Likelihood	Cox & Snell R Square	Nagelkerke R Square
1	78.968a	.446	.572

a. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.

Based on the Negelkerke R Square test data above, it can be concluded that the Negelkerke R Square value is 0.572, which means that all independent variables namely taxes, bonus mechanisms and tunneling incentives are able to interpret the dependent variable namely transfer pricing of 0.572. This can be interpreted that the value of the independent variable is close to the value = 1, so the results are included in the good category.

3.6 Matrix Classification Test

Table 8 Table Classification Test Results Classification Tablea

Observed			predicted Transfer Pricing 0	predicted Transfer Pricing 1	Percent Correct
Step 1	Transfer Pricing	0	63	0	100.0
		1	17	0	.0
	Overall Percentage				78.8

a. The cut value is .500

Based on the results of the classification table test above, it can be interpreted that the predictive power of the transfer pricing acceptance regression model for companies is precise/accurate. This can be seen from the data distribution that has been tabulated previously, namely the variable Y (transfer pricing) has a data value of 1, which is 17 data. Based on the input data, the output data which can be seen from the Classification Table is accurate because the amount of data oriented to value = 1 is 78.8% of the data with transfer pricing indications as many as 17 companies and 63 other companies with no transfer pricing indications.

3.7 Wald test (Partial t test)

Table 9 Wald Test Results (t) Variables in the Equation

		B	SE	Wald	df	Sig.	Exp(B)
Step 1a	Tax	1,525	1028	2,203	1	.138	4,596
	Bonus Mechanism	042	048	.771	1	.380	1,043
	Tunneling Incentives	.020	.616	081	1	.974	1021
	Constant	2021	.607	11085	1	001	.133

a. Variable(s) entered on step 1: Tax, Tunneling Incentive, Bonus Mechaniss.

Based on the results of the wald test (t) above, it can be concluded as follows:

1. Effect of Taxes on Transfer Pricing.
   Based on the results of the wald test that has been carried out, it is known that the wald value is 2.203 (positive value) and a significant value of 0.138 > 0.05. So it can be concluded that taxes have a positive but not significant effect on transfer pricing in mining companies. Based on the results of the hypothesis testing that has been done, it can be concluded that H1 is accepted.
2. Effect of Bonus Mechanism on Transfer Pricing.
   Based on the results of the wald test that has been carried out, it is known that the wald value is 0.771 (positive value) and a significant value is 0.380 > 0.05. So it can be concluded that the bonus mechanism has a positive but not significant effect on transfer pricing at mining companies. Based on the results of the hypothesis testing that has been done, it can be concluded that H2 is accepted.
3. The Effect of Tunneling Incentives on Transfer Pricing.

Based on the results of the wald test that has been carried out, it is known that the wald value is 0.081 (positive value) and a significant value is 0.974 > 0.05. So it can be concluded that tunneling incentives have a positive but not significant effect on transfer pricing at mining companies. Based on the results of the hypothesis testing that has been done, it can be concluded that H3 is accepted.

3.8 Omnibus Tests of Model Coefficients (Simultaneous Test f)

Table 10 Omnibus test of model coefficients (f) Omnibus Tests of Model Coefficients

		Chi-square	Df	Sig.
Step 1	step	3,792	3	.285
	blocks	3,792	3	.285
	Model	3,792	3	.285

Based on the results of the Omnibus test of model coefficients (f), the value of step 1 Omnibus test of model coefficients (f) is 3.792 with a significance level of 0.285 > 0.05. Based on these results, according to the test rules, it can be concluded that taxes, bonus mechanisms and tunneling incentives have a positive effect on transfer pricing simultaneously.

3.9 Discussion of the Effect of Taxes on Transfer Pricing in Mining Companies

Based on the results of the wald test that has been carried out, it is known that the wald value is 2.203 (positive value) and a significant value of 0.138 > 0.05. So it can be concluded that taxes have a positive but not significant effect on transfer pricing in mining companies. Based on the results of the hypothesis testing that has been done, it can be concluded that H1 is accepted. Agency theory is one of the actions of transfer pricing, namely the existence of a contract between the principal and the agent, where the principal employs another person (agent) to provide a service, then delegates decision-making authority to the agent. This theory has the background of differences in conflict within companies and organizations. In a certain situation, both the principal and the agent will maximize their personal interests and there is no reason for the principal not to believe that the agent always acts in accordance with the interests of the principal. In a company, problems can occur if you only focus on your own interests and work together in the division of different tasks. Management as an agent will prioritize its interests over the interests of shareholders and because agents are given the authority to manage company activities, so management has incentives to carry out transfer pricing with the aim of reducing taxes to be paid. In a company, problems can occur if you only focus on your own interests and work together in the division of different tasks. Management as an agent will prioritize its interests over the interests of shareholders and because agents are given the authority to manage company activities, so management has incentives to carry out transfer pricing with the aim of reducing taxes to be paid. In a company, problems can occur if you only focus on your own interests and work together in the division of different tasks. Management as an agent will prioritize its interests over the interests of shareholders and because agents are given the authority to manage company activities, so management has incentives to carry out transfer pricing with the aim of reducing taxes to be paid.

3.10 Discussion of the Effect of the Bonus Mechanism on Transfer Pricing in Mining Companies

Based on test results*wald*that has been done, it is known that the wald value is 0.771 (positive value) and a significant value is 0.380 > 0.05. So it can be concluded that the bonus mechanism has a positive but not significant effect on transfer pricing at mining companies. Based on the results of the hypothesis testing that has been done, it can be concluded that H2 is accepted. The bonus mechanism is additional compensation or rewards given to employees for the success of achieving the goals targeted by the company in carrying out its operational activities, such as when directors tend to show good performance to shareholders to get bonuses in managing the company. Shareholders not only provide bonuses to management which can generate periodic profits for divisions and subdivisions, but also to directors who are willing to cooperate for business continuity and increase in company revenue (Horngren, 2008). So it can be concluded that when the bonus mechanism increases, it will lead to an increase in transfer pricing practices. Therefore, the directors are able to increase profits in the expected year, namely by carrying out revenue (sales) receiving activities and increasing profits in the current year. it will lead to an increase in transfer pricing practices. Therefore, the directors are able to increase profits in the expected year, namely by carrying out revenue receiving activities (sales) and increasing profits in the current year. it will lead to

an increase in transfer pricing practices. Therefore, the directors are able to increase profits in the expected year, namely by carrying out revenue receiving activities (sales) and increasing profits in the current year.

3.11 Discussion of the Effect of Tunneling Incentives on Transfer Pricing in Mining Companies

Based on the results of the wald test that has been carried out, it is known that the wald value is 0.081 (positive value) and a significant value is 0.974 > 0.05. So it can be concluded that tunneling incentives have a positive but not significant effect on transfer pricing at mining companies. Based on the results of the hypothesis testing that has been done, it can be concluded that H3 is accepted. When Tunneling Incentive practices increase, companies will carry out more transfer pricing transactions with related parties (Marfuah and Azizah, 2014). So it can be concluded that when the tunneling incentive increases it will lead to an increase in transfer pricing practices.

3.12 Discussion of the Effect of Taxes, Bonus Mechanisms and Tunneing Incentives on Transfer Pricing in Mining Companies

Based on the results of the Omnibus test of model coefficients (f), the value of step 1 Omnibus test of model coefficients (f) is 3.792 with a significance level of 0.285 > 0.05. Based on these results, according to the test rules, it can be concluded that taxes, tunneling incentives and bonus mechanisms have a positive effect on transfer pricing simultaneously. Agency theory is one of the actions of transfer pricing, namely the existence of a contract between the principal and the agent, where the principal employs another person (agent) to provide a service, then delegates decision-making authority to the agent. This theory has the background of differences in conflict within companies and organizations. In a certain situation, both the principal and the agent will maximize their personal interests and there is no reason for the principal not to believe that the agent always acts in accordance with the interests of the principal. In a company, problems can occur if you only focus on your own interests and work together in the division of different tasks. Management as an agent will prioritize its interests over the interests of shareholders and because agents are given the authority to manage company activities, so management has incentives to carry out transfer pricing with the aim of reducing taxes to be paid. The bonus mechanism is additional compensation or rewards given to employees for the success of achieving the goals targeted by the company in carrying out its operational activities, such as when directors tend to show good performance to shareholders to get bonuses in managing the company. Shareholders not only provide bonuses to management which can generate periodic profits for divisions and subdivisions, but also to directors who are willing to cooperate for business continuity and increase in company revenue (Horngren, 2008). So it can be concluded that when the bonus mechanism increases, it will lead to an increase in transfer pricing practices. Therefore, the directors are able to raise profits in the expected year, namely by carrying out revenue collection activities (sales) and increasing profits in the current year. This research is in line with Pamungkas' research (2018) which states that the bonus mechanism has a positive and significant effect on the company's decision to carry out transfer pricing. However, according to Aryanti and Delfina (2021) the bonus mechanism has a positive and significant effect on the company's decision to carry out transfer pricing. When Tunneling Incentive practices increase, companies will carry out more transfer pricing transactions with related parties (Marfuah and Azizah, 2014). So it can be concluded that when the tunneling incentive increases it will lead to an increase in transfer pricing practices.

4. CONCLUSION

Taxes have a unidirectional (positive) effect on transfer pricing. The Bonus mechanism has a unidirectional (positive) effect on transfer pricing. Tunneing incentiveshas a unidirectional (positive) effect on transfer pricing. Taxes, bonus mechanisms and tunneling incentives have a unidirectional (positive) effect on transfer pricing.

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