



JOURNAL

**The Effect of Tax Minimization and Exchange Rate on Transfer Pricing:
The Moderating Role of Firm Size**

Shafa Athania Muldayanti, Indra Pahala, Dwi Kismayanti Respati

shafathania23@gmail.com

Faculty of Economy and Business, Universitas Negeri Jakarta

Abstract:

This study aims to investigate and understand the relationship between tax minimization and exchange rates on transfer pricing, with firm size acting as a moderating variable. The population of this study consists of energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. The sample was selected using a purposive sampling method, yielding 155 observational data. Data analysis was conducted using multiple linear regression and Moderated Regression Analysis (MRA), processed through SPSS Version 29. The results indicate that tax minimization and exchange rates have a negative effect on transfer pricing. Conversely, tax minimization and exchange rates moderated by firm size show a positive effect on transfer pricing. This indicates that corporate efforts to minimize tax burdens and exchange rate fluctuations serve as driving factors for companies to engage in transfer pricing. Future researchers are suggested to incorporate other independent variables that potentially influence transfer pricing practices, allowing the research model to explain transfer pricing variations more comprehensively.

Keywords: Tax Minimization, Exchange Rate, Firm Size, Transfer Pricing.

BACKGROUND

The current era of globalization has significantly influenced developments across various sectors, particularly in the fields of economics and business. Globalization has reduced, and in some cases eliminated, barriers that previously constrained economic activities, thereby enabling markets to expand beyond national borders. At the same time, globalization has introduced substantial challenges for the future, as an increasing number of competitors emerge from different countries, offering diverse, innovative, and highly competitive products. Consequently, these developments have indirectly accelerated the growth and expansion of multinational corporations.

The Director General of Taxes at the Ministry of Finance, Suryo Utomo, addressed findings concerning tax avoidance practices that are estimated to cause annual state revenue losses of up to IDR 68.7 trillion. These findings were published by the Tax Justice Network, which reported that Indonesia is estimated to lose approximately USD 4.86 billion annually due to tax avoidance. This amount was equivalent to IDR 68.7 trillion, based on the rupiah exchange



rate at the close of the spot market on November 22, 2020, of IDR 14,149 per U.S. dollar. According to the *Tax Justice Network* report entitled *The State of Tax Justice 2020: Tax Justice in the Time of COVID-19*, approximately USD 4.78 billion (equivalent to IDR 67.6 trillion) of the estimated losses resulted from corporate tax avoidance in Indonesia. Meanwhile, the remaining USD 78.83 million (approximately IDR 1.1 trillion) was attributed to individual taxpayers (Januwito, 2022). Furthermore in 2016, Mekar Satria Utama, the former Director of Public Relations and Public Services (P2 Humas) at the Directorate General of Taxes, reported that approximately 2,000 foreign investment companies (*Penanaman Modal Asing* or PMA) failed to pay taxes on the grounds that they had incurred financial losses. However, based on the Directorate General of Taxes' calculations, these companies should have paid an average of IDR 25 billion in taxes annually.

The growth of multinational corporations is closely associated with the rapid expansion of international economic activities, which is reflected in the increasing volume of transactions involving the sale of goods and services between affiliated and non-affiliated companies. Transfer pricing is one of the corporate tax planning strategies aimed at minimizing tax liabilities by manipulating transfer prices in transactions between related parties. One of the factors contributing to tax minimization is the existence of corporate debt, which encourages management to adopt strategies that enhance reported profits through the use of transfer pricing.

In addition to tax-related considerations, another factor that may influence a company's decision to engage in transfer pricing is the exchange rate. The exchange rate refers to the amount of domestic currency required to obtain one unit of foreign currency. Exchange rates are closely linked to international trade because the cash flows of multinational corporations are denominated in multiple currencies, whose values fluctuate relative to the U.S. dollar over time. Exchange rate volatility poses significant challenges for multinational enterprises and may encourage firms to engage in transfer pricing practices to maximize corporate profitability.

Firm size is a measure used to classify companies into large or small categories based on the total value of their assets. As the size of a company increases, the complexity of its business transactions also tends to increase. Consequently, larger firms have greater opportunities to exploit existing regulatory loopholes to maximize profits, one of which is through transfer pricing practices.

THEORETICAL FRAMEWORK

Agency Theory

Agency theory describes the contractual relationship between a principal and an agent, in which the principal delegates authority to the agent to perform tasks on the principal's behalf and in the principal's best interests, while the agent is responsible for carrying out those duties (William R. Scott, 2015). Within an agency relationship, the principal authorizes the agent to make decisions that are expected to maximize shareholders' interests. However, the delegation of decision-making authority from the principal to the agent gives rise to information



asymmetry, whereby the agent possesses more information regarding the company's operations than the principal as the shareholder.

According to Statement of Financial Accounting Standards (PSAK) No. 7 of 2010, related parties are individuals or entities that have control over another party or possess significant influence over that party's decision-making process. Transactions between related parties are often viewed as opportunistic because they may create conflicts of interest between the parties involved. This perspective is consistent with agency theory, which suggests that agents may act in their own interests rather than solely in the interests of the principal when information asymmetry and conflicts of interest exist.

Positive Accounting Theory

According to Watts and Zimmerman (1986), as cited in Wulandari (2022), Positive Accounting Theory explains how accounting practices are applied based on accounting knowledge, understanding, and expertise in selecting accounting policies that are appropriate for addressing specific circumstances in the future. Positive Accounting Theory is characterized by its problem-solving orientation, which is closely aligned with the realities of accounting practice. The theory provides a basis for understanding managerial behavior in recognizing earnings in financial statements, thereby enabling managers to engage in earnings management. Earnings management may occur because managers have discretion in selecting accounting policies when preparing and presenting financial statements. Consequently, Positive Accounting Theory explains managerial actions related to earnings management, including income smoothing practices.

Transfer Pricing Theory

According to the Regulation of the Minister of Finance of the Republic of Indonesia No. 22/PMK.03/2020 concerning Procedures for the Implementation of Advance Pricing Agreements (APA), transfer pricing refers to the pricing of transactions influenced by special relationships between related parties. As explained by Mispiyanti (2015), transfer pricing is a corporate policy used to determine transfer prices for transactions involving goods, services, intangible assets, or financial transactions conducted between affiliated companies.

In previous studies conducted by Pandia and Gultom (2022) and Hidayati et al. (2021), transfer pricing was measured using the Related Party Transaction (RPT) ratio, which is calculated as the ratio of tax expense to profit before tax.

$$\text{RPT} = \frac{\text{Related Party Receivables}}{\text{Total Receivables}}$$



Tax Minimization Theory

Tax minimization refers to a strategy employed by companies to reduce their corporate tax burden. According to Susanti and Firmansyah (2018), tax minimization is an approach used by companies to minimize tax liabilities by shifting costs and revenues from one country to another with lower tax rates. Article 1, Paragraph (1) of the Indonesian General Provisions and Tax Procedures Law (Undang-Undang Ketentuan Umum dan Tata Cara Perpajakan—KUP Law) defines tax as a mandatory contribution to the state imposed on individuals or entities under statutory provisions.

In previous studies conducted by Makhmudah and Djohar (2023) and Hidayati et al. (2021), tax minimization was measured using the Effective Tax Rate (ETR), calculated as the ratio of tax expense to profit before tax.

$$\text{ETR} = \frac{\text{Tax Expense}}{\text{Profit Before Tax}}$$

Exchange Rate Theory

The exchange rate, commonly referred to as the currency exchange rate, is the price of one unit of foreign currency expressed in domestic currency. It may also be defined as the value of domestic currency relative to foreign currency used as a means of payment in current or future transactions. According to the Regulation of the Minister of Finance No. 114/PMK.04/2007, Article 1, the rupiah exchange rate is defined as the value of the Indonesian rupiah against foreign currencies. Foreign exchange rates represent the price or value of one country's currency in terms of another country's currency. Accordingly, the exchange rate may also be interpreted as the amount of domestic currency required to obtain one unit of foreign currency.

In previous studies conducted by Prananda and Triyanto (2020) and Saputra et al. (2020), the exchange rate variable was measured by dividing foreign exchange gains (losses) by profit (loss) before tax.

$$\text{Exchange Rate} = \frac{\text{Foreign Exchange Gain (Loss)}}{\text{Profit (Loss) Before Tax}}$$

Firm Size Theory

Firm size generally refers to a scale used to classify companies as large or small based on various indicators, including total assets, average total assets, market capitalization, total sales or revenue, average sales, net income, number of employees, and other relevant measures (Kusumaningrum & Iswara, 2022). Firm size reflects the magnitude of a company's operations, as indicated by its total assets, total sales, average sales, and average total assets.



Large firms generally have greater access to external financing than smaller firms. In addition, larger companies tend to experience relatively higher growth rates, resulting in higher expected stock returns compared to smaller firms. Consequently, investors are more likely to invest in larger companies in anticipation of higher investment returns.

According to Khiyanda (2013), firm size is a scale by which companies can be classified based on various measures, including total assets, logarithm of total assets (log size), market capitalization, and other relevant indicators. In this study, firm size is measured using the following formula:

$$\text{Firm Size} = \ln(\text{total aset})$$

METHOD

This study employs a quantitative research approach. The unit of analysis consists of energy sector companies listed on the Indonesia Stock Exchange (IDX). The population comprises 83 energy sector companies listed on the Indonesia Stock Exchange during the 2019–2023 period. However, the entire population was not used as the research sample. Instead, the population was narrowed down to a representative sample using the purposive sampling method, whereby specific criteria were applied as the basis for selecting sample firms from the research population.

Criteria	Total
Energy sector companies listed on the Indonesia Stock Exchange during the 2019–2023 period	83
Less: Energy sector companies that were not consecutively listed on the Indonesia Stock Exchange during the 2019–2023 period	(25)
Less: Energy sector companies that did not have related party receivables during the 2019–2023 period	(24)
Less: Energy sector companies that did not report foreign exchange gains (losses) during the 2019–2023 period	(3)
Total Sample	31
Total Observations (31 companies × 5 years)	155



RESULT

Descriptive Statistical Test

TABEL 4. 1 DESCRIPTIVE STATISTIC

	N	Minimum	Maximum	Mean	Std. Deviation
ETR	155	-.48	.89	.2448	.26606
ER	155	-.17	.15	-.0042	.05357
SIZE	155	27.86	32.36	29.9820	.83729
RPT	155	.00	.65	.2423	.15190
Valid N (listwise)	155				

Sumber: Processed using SPSS 29

Based on the table, it can be observed that each variable has an N value of 155 observations, indicating that the total number of data analyzed in this study is 155 data points. The results are further explained as follows:

1. Tax Minimization has a minimum value of -0.48, obtained from PT Indo Tambangraya Megah Tbk in 2020. Meanwhile, the maximum value of 0.89 was obtained from PT Darma Henwa Tbk in 2021. The average value of this variable is 0.2448, with a standard deviation of 0.26606.
2. Exchange Rate has a minimum value of -0.17, obtained from PT Samindo Resources Tbk in 2022. Meanwhile, the maximum value of 0.15 was obtained from PT Wintermar Offshore Marine Tbk in 2021. The average value of this variable is -0.0042, with a standard deviation of 0.05357.
3. Firm Size has a minimum value of 27.86, obtained from PT Radiant Interinsco Tbk in 2019. Meanwhile, the maximum value of 32.36 was obtained from PT Perusahaan Gas Negara Tbk in 2022. The average value of this variable is 29.9820, with a standard deviation of 0.83729.
4. Transfer Pricing has a minimum value of 0.00, obtained from PT Samindo Resources Tbk in 2020. Meanwhile, the maximum value of 0.65 was obtained from PT Energi Mega Persada Tbk in 2020. The average value of this variable is 0.2423, with a standard deviation of 0.15190.



Normality Test

TABEL 4. 2 ONE-SAMPLE KOLMOGOROV-SMIRNOV TEST

			Unstandardized Residual
N			155
Normal Parameters^{a,b}	Mean		.0000000
	Std. Deviation		.13894165
Most Extreme Differences	Absolute		.057
	Positive		.048
	Negative		-.057
Test Statistic			.057
Asymp. Sig. (2-tailed)^c			.200 ^d
Monte Carlo Sig. (2-tailed)^e	Sig.		.253
	99% Confidence Interval	Lower Bound	.242
		Upper Bound	.265

Sumber: Processed using SPSS 29

This test is conducted to examine whether the regression model, independent variables, and dependent variable have a normal distribution. Based on the results of the normality test presented in the table using the Kolmogorov–Smirnov Test, the significance value of Asymp. Sig. (2-tailed) is 0.200, which indicates that the value is greater than 0.05 ($0.200 > 0.05$). Therefore, it can be concluded that the research data collected are normally distributed and derived from a population with a normal distribution.

Multicollinearity Test

TABEL 4. 3 MULTICOLLINEARITY TEST

Model		Statistics Tolerance	Statistics VIF
1	ETR	.983	1.017
	ER	.992	1.008
	SIZE	.988	1.012

Sumber: Processed using SPSS 29

Based on the results of the multicollinearity test, the tolerance values for each variable indicate values greater than 0.10 (> 0.10), namely 0.983 for tax minimization, 0.992 for exchange rate, and 0.988 for firm size. These results indicate that the regression model does not experience multicollinearity problems.



Furthermore, the Variance Inflation Factor (VIF) values show that tax minimization has a VIF value of 1.017, exchange rate has a VIF value of 1.008, and firm size has a VIF value of 1.012. These values are below the threshold of 10.00 (< 10.00). According to Imam Ghozali (2021), if the VIF value does not exceed 10.00, it can be concluded that there is no correlation among the independent variables. Therefore, the regression model used in this study is free from multicollinearity.

Heteroscedasticity Test

TABEL 4. 4 HETEROSCEDASTICITY TEST

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	.242	.225		1.076	.284
	ETR	.046	.024	.157	1.934	.055
	ER	-.088	.117	-.061	-.753	.453
	SIZE	-.005	.008	-.050	-.616	.539

Sumber: Processed using SPSS 29

Based on Table 4.6, tax minimization has a significance value of 0.055, which is greater than 0.05 ($0.055 > 0.05$), indicating that there is no indication of heteroscedasticity. The exchange rate variable has a significance value of 0.453, which also exceeds 0.05 ($0.453 > 0.05$), indicating that heteroscedasticity does not occur. Furthermore, the significance value of firm size is 0.539, which is greater than 0.05 ($0.539 > 0.05$), indicating that the firm size variable does not experience heteroscedasticity.

Autocorrelation Test

TABEL 4. 5 AUTOKORELASI DURBIN-WATSON TEST

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.404 ^a	.163	.147	.140315	2.030

Sumber: Processed using SPSS 29



The results of the autocorrelation test using the Durbin–Watson test show that the obtained DW value is 2.030. As a comparison, the dU value is 1.777, while the value of 4-dU is 2.223. These results indicate that the DW value falls within the range between dU and 4-dU ($1.777 < 2.030 < 2.223$). Therefore, no autocorrelation problem is identified, and the autocorrelation assumption is satisfied.

Multiple Linear Regression Test

TABEL 4. 6 MULTIPLE LINEAR REGRESSION TEST

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	.225	.015		14.596	<.001
	ETR	.090	.043	.157	2.110	.036
	ER	1.020	.211	.360	4.831	<.001

Sumber: Processed using SPSS 29

The results of the linear regression equation between ETR and ER on RPT are presented as follows:

$$\text{RPT} = 0,225 + 0,090 \text{ ETR} + 1,020 \text{ ER} + e$$

The equation can be explained as follows:

1. The constant value (a) of 0.225 indicates that in the absence of the influence of tax minimization and exchange rate, the predicted value of transfer pricing is 0.225 units.
2. The effect of tax minimization on transfer pricing has a regression coefficient of 0.090. The result indicates a positive effect, meaning that an increase in tax minimization will significantly increase the value of transfer pricing, with a change in transfer pricing value of 0.090 units.
3. The effect of exchange rate on transfer pricing has a regression coefficient of 1.020. The result indicates a positive effect, meaning that an increase in exchange rate will significantly increase the value of transfer pricing, with a change in transfer pricing value of 1.020 units.



Moderated Regression Analysis (MRA)

TABEL 4. 7 MODERATED REGRESSION ANALYSIS (MRA)

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	1.020	.596		1.711	.089
	ETR	-4.665	2.103	-8.171	-	.028
					2.218	
	ER	-42.399	16.163	-14.952	-	.010
					2.623	
	SIZE	-.027	.020	-.147	-	.182
					1.342	
	ETR*SIZE	.159	.070	8.363	2.265	.025
	ER*SIZE	1.453	.540	15.319	2.688	.008

Sumber: Processed using SPSS 29

The results of the moderated regression equation between ETR and ER on RPT with firm size (SIZE) as a moderating variable are presented as follows:

$$\text{RPT} = 1,020 - 4,665 \text{ ETR} - 42,399 \text{ ER} - 0,027 \text{ SIZE} + 0,159 \text{ ETR*SIZE} + 1,453 \text{ ER*SIZE} + e$$

The equation can be explained as follows:

1. The constant value (a) of 1.020 indicates that in the absence of the influence of tax minimization and exchange rate moderated by firm size, the predicted value of transfer pricing is 1.020 units.
2. The effect of tax minimization on transfer pricing has a regression coefficient of -4.665. This result indicates a negative effect, meaning that an increase in tax minimization will decrease the value of transfer pricing, with a change in transfer pricing value of -4.665 units.
3. The effect of exchange rate on transfer pricing has a regression coefficient of -42.399. This result indicates a negative effect, meaning that an increase in exchange rate will decrease the value of transfer pricing, with a change in transfer pricing value of -42.399 units.
4. The effect of tax minimization on transfer pricing moderated by firm size has a regression coefficient of 0.159. This result indicates a positive effect, meaning that



higher tax minimization accompanied by larger firm size will significantly increase the value of transfer pricing, with a change in transfer pricing value of 0.159 units.

5. The effect of exchange rate on transfer pricing moderated by firm size has a regression coefficient of 1.453. This result indicates a positive effect, meaning that higher exchange rate accompanied by larger firm size will significantly increase the value of transfer pricing, with a change in transfer pricing value of 1.453 units.

Partial Test (t-test)

TABEL 4. 8 PARTIAL TEST

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error	Beta			
1	(Constant)	1.020	.596		1.711	.089
	ETR	-4.665	2.103	-.8171	-2.218	.028
	ER	-42.399	16.163	-.14952	-2.623	.010
	SIZE	-.027	.020	-.147	-1.342	.182
	ETR*SIZE	.159	.070	.8363	2.265	.025
	ER*SIZE	1.453	.540	15.319	2.688	.008

Sumber: Processed using SPSS 29

The results of the partial test indicate that tax minimization has an effect on transfer pricing; therefore, the hypothesis is accepted. Furthermore, exchange rate has an effect on transfer pricing, indicating that the hypothesis is accepted. Firm size is proven to moderate the relationship between tax minimization, exchange rate, and transfer pricing.



Coefficient of Determination Test (R^2)

TABEL 4. 9 COEFFICIENT OF DETERMINATION TEST VARIABLE X TO VARIABLE Y

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.404 ^a	.163	.152	.139854

Sumber: Processed using SPSS 29

The results of the coefficient of determination test show an R Square value of 0.163, indicating that the variation in the transfer pricing variable can be explained by tax minimization and exchange rate variables by 16.3%, while the remaining percentage is explained by other factors outside the research model.

TABEL 4. 10 COEFFICIENT OF DETERMINATION TEST VARIABLE X TO VARIABLE Y

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.487 ^a	.237	.211	.134897

Sumber: Processed using SPSS 29

Furthermore, the results of the coefficient of determination test show an R Square value of 0.237, indicating that the variation in the transfer pricing variable can be explained by tax minimization and exchange rate variables moderated by firm size by 23.7%, while the remaining percentage is explained by other factors outside the research model.

Simultaneous Test (F-test)

TABEL 4. 11 SIMULTANEOUS TEST VARIABLE X TO VARIABLE Y

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.581	2	.290	14.841	<.001 ^b
	Residual	2.973	152	.020		
	Total	3.554	154			

Sumber: Processed using SPSS 29

The results of the simultaneous test using the F-test show that the calculated F-value is 14.841 with a significance value of <0.001. As a comparison, the F-table value with degrees of freedom of 2 and 152 at a 5% significance level is 3.06. These results indicate that the calculated F-value is greater than the F-table value (F-calculated > F-table) and the significance



value is less than 0.05 ($\text{sig} < 0.05$). Therefore, it can be concluded that tax minimization and exchange rate simultaneously have a significant effect on transfer pricing.

DISCUSSION

Tax Minimization on Transfer Pricing

Based on the results of hypothesis testing presented in Table 4.10, the regression coefficient of the tax minimization variable is negative, amounting to -4.665, with a significance level of 0.028, which is less than 0.05. This indicates that tax minimization has a negative and significant effect on transfer pricing decisions. Therefore, the first hypothesis, which states that tax minimization affects transfer pricing decisions, is supported.

Exchange Rate on Transfer Pricing

Based on the results of hypothesis testing presented in Table 4.10, the regression coefficient of the exchange rate variable is negative, amounting to -42.399, with a significance level of 0.010, which is less than 0.05. This indicates that exchange rate has a negative and significant effect on transfer pricing decisions. Therefore, the hypothesis stating that exchange rate affects transfer pricing decisions is supported.

Firm Size Moderates the Effect of Tax Minimization on Transfer Pricing

The partial test of the effect of tax minimization on transfer pricing moderated by firm size shows a calculated t-value of 2.265 with a significance value of 0.025. These results indicate that the significance value is less than 0.05 ($\text{sig} < 0.05$), demonstrating that tax minimization has a significant effect on transfer pricing when moderated by firm size.

The positive t-value indicates that firm size strengthens the relationship between tax minimization and transfer pricing. This means that the larger the firm size, the stronger the influence of tax minimization on the company's decision to engage in transfer pricing. Large-scale companies generally have more complex operational activities, a higher volume of related-party transactions, and broader business networks, including relationships with foreign entities. These conditions provide greater opportunities for companies to conduct tax planning through transfer pricing policies.

Firm Size Moderates the Effect of Exchange Rate on Transfer Pricing

The partial test of the effect of exchange rate on transfer pricing moderated by firm size shows a calculated t-value of 2.688 with a significance value of 0.008. These results indicate that the significance value is less than 0.05 ($\text{sig} < 0.05$), demonstrating that exchange rate has a significant effect on transfer pricing when moderated by firm size.

The positive t-value indicates that firm size strengthens the relationship between exchange rate and transfer pricing. This means that larger companies tend to have a greater tendency to



consider exchange rate fluctuations when determining transfer pricing policies compared to smaller companies. Large firms generally have more complex cross-border business activities, higher volumes of international transactions, and more transactions with affiliated entities across different countries. These conditions make companies more exposed to exchange rate fluctuation risks, requiring strategies to manage such risks, one of which is through transfer pricing policies.

CONCLUSION

This study generally aims to obtain empirical evidence regarding the effect of tax minimization and exchange rate on transfer pricing with firm size as a moderating variable. The companies used as samples in this study are energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. A total of 31 companies met the sample selection criteria applied in this study. Based on the analysis of the processed data using SPSS 29, the researcher draws the following conclusions:

1. Tax Minimization has a significant effect on Transfer Pricing

The results of the hypothesis testing indicate that the tax minimization variable, which is proxied by the Effective Tax Rate (ETR), has a significant effect on transfer pricing, which is proxied by Related Party Transactions (RPT). The negative coefficient value indicates that the lower the company's ETR, the higher the company's tendency to conduct related-party transactions as a form of transfer pricing practice. This finding suggests that the company's efforts to minimize tax burdens are one of the factors encouraging companies to engage in transfer pricing.

2. Exchange Rate has a significant effect on Transfer Pricing

The results of the hypothesis testing indicate that the exchange rate variable has a significant effect on transfer pricing. The negative coefficient value indicates that changes in exchange rates have an inverse relationship with transfer pricing. This finding suggests that companies consider exchange rate conditions when determining related-party transaction policies, particularly for companies engaged in international activities. Exchange rate fluctuations may affect transaction values, company profits, and cash flows, making them one of the factors considered in transfer pricing decisions.

3. Firm Size Moderates the Effect of Tax Minimization on Transfer Pricing

The results of this study indicate that firm size strengthens the effect of tax minimization on transfer pricing. This means that the larger the firm size, the stronger the relationship between the company's efforts to minimize tax burdens and its decision to engage in transfer pricing. Large companies generally have more complex operational activities, a greater number of related-party transactions, and more resources available for implementing tax planning strategies.



4. Firm Size Moderates the Effect of Exchange Rate on Transfer Pricing

The results of this study indicate that firm size strengthens the effect of exchange rate on transfer pricing. This finding suggests that larger companies are more likely to consider exchange rate fluctuations when determining transfer pricing policies because they generally have higher levels of international business activities and greater exposure to exchange rate risks compared to smaller companies.

BIBLIOGRAPHY

- Adhika, F. N., & Wulandari, S. (2023). Pengaruh Beban Pajak, Mekanisme Bonus, Exchange Rate, dan Intangible Asset terhadap Keputusan Transfer Pricing. *Ekonomis: Journal of Economics and Business*, 7(1), 246. <https://doi.org/10.33087/ekonomis.v7i1.900>
- Agustin, E., & Stiawan, H. (2022). Pengaruh Pajak, Mekanisme Bonus Dan Exchange Rate Terhadap Keputusan Untuk Melakukan Transfer Pricing (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Tahun 2016-2020). *AKUA: Jurnal Akuntansi Dan Keuangan*, 1(1), 39–46.
- Aini, A. A., & Rini, Y. T. (2023). The effect of tax minimization and company size on transfer pricing: Profit management as a moderating variable. *Jurnal Ilmiah Manajemen, Ekonomi, & Akuntansi (JIMEA)*, 7(3), 112 - 128. <https://jurnal.ibik.ac.id/index.php/jimkes/article/view/2280>
- Andayani, A. S., & Sulistyawati, A. I. (2020). Pengaruh Pajak, Tunneling Incentive dan Goof Corporate Governance (GCG) dan Mekanisme Bonus Terhadap Indikasi Transfer Pricing Pada Perusahaan Manufaktur. *Majalah Ilmiah Solusi*, 18(1).
- Aulia, N. A., & Ernandi, H. (2022). Pengaruh Ukuran Perusahaan, Profitabilitas dan Intensitas Modal Terhadap Effective Tax Rate (ETR). *Indonesian Journal of Law and Economics Review*, 16. <http://ejournal-sl.undip.ac.id/index.php/accounting>
- Arridho Abduh, Sonia Sischa Eka Putri. (2021) PENGARUH PAJAK, MEKANISME BONUS, KEPEMILIKAN ASING, TUNNELING INCENTIVE DAN EXCHANGE RATE TERHADAP KEPUTUSAN PERUSAHAAN MELAKUKAN TRANSFER PRICING
- Ayshinta, P. J., Agustin, H., & Afriyenti, M. (2019). Pengaruh Tunneling Incentive, Mekanisme Bonus dan Exchange Rate Terhadap Keputusan Perusahaan Melakukan Transfer Pricing. *Jurnal Eksplorasi Akuntansi*, 1(2).
- Ayu, G., Surya, R., & Sujana, I. K. (2017). E-Jurnal Akuntansi Universitas Udayana PENGARUH PAJAK , MEKANISME BONUS , DAN TUNNELING INCENTIVE PADA INDIKASI MELAKUKAN TRANSFER PRICING Fakultas Ekonomi dan Bisnis Universitas Udayana (Unud), Bali , Indonesia Fakultas Ekonomi dan Bisnis Universitas U. 19, 1000–1029.
- Azhar, A. H., & Setiawan, M. A. (2021). Pengaruh Tunneling Incentive, Mekanisme Bonus, dan Leverage Terhadap Keputusan Melakukan Transfer Pricing pada Perusahaan Manufaktur, Perkebunan, dan Pertambangan. *Jurnal Eksplorasi Akuntansi (JEA)*, 3(3). <http://jea.ppj.unp.ac.id/index.php/jea/index>
- Baiti, N., & Suryani. (2020). Pengaruh Effective Tax Rate, Tunneling Incentive, Exchange Rate dan Mekanisme Bonus Pada Keputusan Transfer Pricing Perusahaan (Studi Empiris



- Pada Perusahaan Manufaktur yang terdaftar pada Bursa Efek Indonesia Periode 2015-2019). *Jurnal Akuntansi Dan Keuangan*, 9(2).
- Brigham, E. F., & Houston, J. F. (2019). *Dasar-dasar Manajemen Keuangan*. Salemba Empat.
- Cahyadi, A. S., & Noviari, N. (2018). Pengaruh Pajak, Exchange Rate, Profitabilitas, dan Leverage Pada Keputusan Melakukan Transfer Pricing. *E-Jurnal Akuntansi Universitas Udayana*, 24(2), 1441–1473. <https://doi.org/10.24843/EJA.2018.v24.i02.p23>
- Choirunnisa, T. A., Abbas, D. S., Hidayat, I., & Sriyanto. (2022). Pengaruh Pajak, Ukuran Perusahaan, Exchange Rate dan average Terhadap Transfer Pricing. *Jurnal Ilmiah Ilmu Manajemen*, 4(2). www.idx.co.id
- Christianingrum, R. (2019). Pengaruh Variabel Ekonomi Makro Terhadap Nilai Tukar Rupiah. *Jurnal Budget*, 4(1).
- Esa Agustin, & Hari Stiawan. (2022). Pengaruh Pajak, Mekanisme Bonus Dan Exchange Rate Terhadap Keputusan Untuk Melakukan Transfer Pricing. *AKUA: Jurnal Akuntansi Dan Keuangan*, 1(1), 39–46. <https://doi.org/10.54259/akua.v1i1.254>
- Firdila, R., Zirman, & Rusli. (2021). Pengaruh Tax Minimization, Tunneling Incentive dan Kepemilikan Asing Terhadap Transfer Pricing. *JOM FEB*, 8(1), 1.
- Firmansyah, A., & Hertanto, K. M. (2020). Evaluasi Pengungkapan Aset Tak Berwujud Pada Perusahaan Subsektor Telekomunikasi Di Indonesia. In *Bunga Rampai: Studi Kasus Akuntansi Keuangan (Issue Juni)*.
- Fitriani, D. N., Djaddang, S., & Suyanto. (2021). Pengaruh Transfer Pricing, Kepemilikan Asing, Kepemilikan Institusional Terhadap Agresivitas Pajak Dengan Corporate Social Responsibility Sebagai Variabel Moderasi. *KINERJA Jurnal Ekonomi Dan Bisnis*, 3.
- Ghozali, I. (2013). *Aplikasi Analisis Multivariat dengan Program IBM SPSS 21 (7th ed.)*. Universitas Diponegoro.
- Grahita. (2018). *Metode Riset Akuntansi Pendekatan Kuantitatif*. Salemba Empat.
- Hayani, N. S., & Deny Darmawati. (2023). Pengaruh Ukuran Perusahaan, Leverage, Dan Profitabilitas Terhadap Tax Avoidance Dengan Transfer Pricing Sebagai Variabel Moderasi. *Jurnal Ekonomi Trisakti*, 3(2), 2397 – 2408. <https://doi.org/10.25105/jet.v3i2.16955>
- Herlina, H., & Murniati, S. (2023). Effect of Effective Tax Rate, Tunneling Incentive, and Bonus Mechanism on Transfer Pricing Decision. *Atestasi : Jurnal Ilmiah Akuntansi*, 6(2), 403–418.
- Hidayat, M. R., Akram, M., & Syarifuddin, S. (2025). The effect of profitability and company size on transfer pricing, with tax minimization as a moderating variable. *Invoice: Jurnal Ilmu Akuntansi*, 7(1), 45 - 58. <https://journal.unismuh.ac.id/index.php/invoice/article/view/16649>
- Hidayat, W. W., Winarso, W., & Hendrawan, D. (2019). Pengaruh Pajak dan Tunneling Incentive Terhadap Keputusan Transfer Pricing Pada Perusahaan Pertambangan yang terdaftar di Bursa Efek Indonesia (BEI) Periode 2012-2017. *Jurnal Ilmiah Akuntansi Dan Manajemen (JIAM)*, 15(1). www.idx.co.id.
- Hidayati, W. N., Sanulika, A., & Sylvatica, A. (2021). Pengaruh Tax Minimization, Tunneling Incentive Terhadap Transfer Pricing Dengan Ukuran Perusahaan Sebagai Variabel Moderasi. *EkoPreneur*, 2(2). <http://openjournal.unpam.ac.id/index.php/EPR>
- Januwito, F. (2022). Pengaruh Ukuran Perusahaan, Profitabilitas, Capital Intensity Dan Pertumbuhan Penjualan Terhadap Tax Avoidance. *Prosiding: Ekonomi Dan Bisnis*, 2.
- Kusumaningrum, D. P., & Iswara, U. S. (2022). Pengaruh Profitabilitas, Leverage dan Ukuran Perusahaan Terhadap Nilai Perusahaan. *JIAKu: Jurnal Ilmiah Akuntansi Dan Keuangan*, 1(3).



- Lestari, M. D., Dewi, E. Y., & Surachman. (2021). Pajak Perusahaan dan Exchange Rate Terhadap Transfer Pricing Pada Perusahaan Kimia. *Jurnal Valuasi: Jurnal Ilmiah Ilmu Manajemen Dan Kewirausahaan*, 1(1). <https://doi.org/10.46306/vls.v1i1>
- Lutfia, M. D., & Sukirman. (2021). Leverage Sebagai Pemoderasi Pada Transfer Pricing Yang Dipengaruhi Oleh Tax Minimization, Bonus Mechanism, dan Tunneling Incentive. *Jurnal Akuntansi Bisnis*, 19(1).
- Makhmudah, N. F., & Djohar, C. (2023). Pengaruh Tax Minimization, Tarif Pajak Efektif, dan Exchange Rate Terhadap Transfer Pricing (Studi Empiris Pada Perusahaan Sub Sektor Barang Konsumen Primer di Bursa Efek Indonesia Tahun 2016-2020). *Jurnal Revenue: Jurnal Ilmiah Akuntansi*, 3(2). <https://doi.org/10.46306/rev.v3i2>
- Mayantya, S. (2018). Pengaruh Tax Minimization, Mekanisme Bonus, Kepemilikan Asing, Exchange Rate, dan Kualitas Audit terhadap Keputusan Transfer Price (Studi pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Periode 2014-2016). *Skripsi*.
- Mispiyanti. (2015). Pengaruh Pajak, Tunneling Incentive dan Mekanisme Bonus Terhadap Keputusan Transfer Pricing. *Jurnal Akuntansi & Investasi*, 16(1).
- Mohklas. (2019). Mengapa Manajemen Mengimplementasikan Transfer Pricing? (Studi Kasus Pada Perusahaan Manufaktur di BEI Periode 2013-2016). *Prosiding Seminar Nasional Unimus*, 2. <http://prosiding.unimus.ac.id>
- Muli, A. M. P., & Kusumaningsih, A. (2023). Pengaruh Pajak, Debt Covenant dan Mekanisme Bonus Terhadap Transfer Pricing Pada Perusahaan Yang Tergabung Dalam Indeks LQ45. *PROSIDING PEKAN ILMIAH MAHASISWA (PIM) Program Studi Sarjana Akuntansi Universitas Pamulang*, 3(2).
- Mulyani, H. S., Prihartini, E., & Sudirno, D. (2020a). Analisis Keputusan Transfer Pricing Berdasarkan Pajak, Tunneling dan Exchange Rate. *Jurnal Akuntansi Dan Pajak*, 20(2). <https://doi.org/10.29040/jap.v20i2.756>
- Mulyani, H. S., Prihartini, E., & Sudirno, D. (2020b). Analisis Keputusan Transfer Pricing Berdasarkan Pajak, Tunneling dan Exchange Rate. *Jurnal Akuntansi Dan Pajak*, 20(2).
- Nuradila, R. F., & Wibowo, R. A. (2018). Tax Minimization sebagai Pemoderasi Hubungan antara Tunneling Incentive, Bonus Mechanism dan Debt Covenant dengan Keputusan Transfer Pricing. *Journal of Islamic Finance and Accounting*, 1(1), 63–76. <http://ejournal.iainsurakarta.ac.id/index.php/jifa>
- Nurhaliza, S. (2021, July). Ternyata, 5 Faktor Ini Yang Memengaruhi Kurs! Yuk Simak. *IDX Channel*.
- Nurhayati, I. D. (2013). Evaluasi Atas Perlakuan Perpajakan Terhadap Transaksi Transfer Pricing Pada Perusahaan Multinasional di Indonesia. *Jurnal Manajemen Dan Akuntansi*, 2(1).
- Pandia, S. E. N. S., & Gultom, R. (2022). Ukuran Perusahaan Sebagai Pemoderasi Pengaruh Tax Minimization, Debt Covenant, Kualitas Audit, Exchange Rate Terhadap Transfer Pricing. *Jurnal Ilmiah Methonomi*, 8(1).
- Paramitha, M. (2019). Pengaruh pajak, tunnelling incentive, mekanisme bonus dan profitabilitas terhadap transfer pricing. *Jurnal Analisa Akutansi Dan Perpajakan*, 5(1), 35–44.
- Prananda, R. 'Aisy, & Triyanto, D. N. T. (2020). Pengaruh Beban Pajak, Mekanisme Bonus, Exchange Rate dan Kepemilikan Asing Terhadap Indikasi Melakukan Transfer Pricing. *Nominal: Barometer Riset Akuntansi Dan Manajemen*, 9(2).
- Purwohedi, U. (2022). Metode Penelitian Konsep dan Praktek. *Raih Asa Sukses*.
- Putri, A. A., & Amanah, L. (2023). Pengaruh Pajak, Tunneling Incentive dan Bonus Plan



- Terhadap transfer pricing. Jurnal Ilmu Dan Riset Akuntansi .
- Rahayu, N. (2010). Praktik Penghindaran Pajak oleh Foreign Direct Investment Berbentuk Perseroan Terbatas Penanaman Modal Asing. Jurnal Ilmu Administrasi Negara, 10(2).
- Rahman, A., & Sukartha, I. M. (2025). The effect of transfer pricing, earning management, CSR and tax avoidance with firm size as a moderating variable. Raden Intan Journal of Accounting and Business, 7(1), 89 - 104. <https://journal.lifescifi.com/index.php/RH/article/view/477>
- Sa'diah, F., & Afriyenti, M. (2021). Pengaruh Tax Avoidance, Ukuran Perusahaan, dan Dewan Komisaris Independen terhadap Kebijakan Transfer Pricing. Jurnal Eksplorasi Akuntansi, 3(3). <http://jea.ppj.unp.ac.id/index.php/jea/index>
- Safitri, A., & Jamal, S. W. (2020). Analisis Inflasi, Kurs Rupiah dan Bi Rate Terhadap Volume Perdagangan Saham di Bursa Efek Indonesia (2016-2018). Borneo Student Research, 1(3).
- Saputra, W. S., Angela, C., & Agustin, C. (2020). Pengaruh Pajak, Exchange Rate Dan Kepemilikan Asing Terhadap Transfer Pricing. Jurnal Manajemen Strategi Dan Aplikasi Bisnis, 3(2). <https://ejournal.imperiuminstitute.org/index.php/JMSAB>
- Sari, A. N., & Puryandani, S. (2019). Pengaruh Pajak, Tunneling Incentive, Good Corporate Governance dan Mekanisme Bonus Terhadap Transfer Pricing (Studi Kasus pada Perusahaan Pertambangan yang Tercatat di BEI Periode 2014-2017). Journal & Proceeding , 9(1).
- Sugiyono. (2013). Metode Penelitian Kuantitatif, Kualitatif dan R&D. ALFABETA.
- Susanti, A., & Firmansyah, A. (2018). Determinants of transfer pricing decisions in Indonesia manufacturing companies. Jurnal Akuntansi Dan Auditing Indonesia, 22(2). <https://doi.org/10.20885/jaai.vol22>
- Tiwa, E. M., Saerang, D. P. E., & Tirayoh, V. Z. (2017). Pengaruh Pajak dan Kepemilikan Asing Terhadap Penerapan Transfer Pricing Pada Perusahaan Manufaktur Yang Terdaftar di BEI Tahun 2013-2015. Jurnal EMBA, 5(2), 2666–2675.
- William R. Scott. (2015). Financial Accounting Theory (7th ed.). Pearson.
- Yudhistira, L., Munthe, I. L. S., & Sari, R. Y. (2023). Pengaruh Effective Tax Rate, Bonus Scheme, Tunneling Incentive, dan Leverage terhadap Transfer Pricing dengan Size sebagai Variabel Moderasi (Studi pada Perusahaan Manufaktur yang Terdaftar di BEI Periode 2018-2021). Jurnal Ilmiah Akuntansi Dan Finansial Indonesia, 6(2).
- Yuniasih, N. W., Rasmini, N. K., & Wirakusuma, M. G. (2012). Pengaruh Pajak dan Tunneling Incentive Pada Keputusan Transfer Pricing Perusahaan Manufaktur Yang Listing di Bursa Efek Indonesia. Simposium Nasional Akuntansi XV.
- Yusuf Imam Santoso. (2020, November 23). Dirjen Pajak angkat bicara soal kerugian Rp 68,7 triliun dari penghindaran pajak. <https://nasional.kontan.co.id/news/dirjen-pajak-angkat-bicara-soal-kerugian-rp-687-triliun-dari-penghindaran-pajak>