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Determinan Positive Accounting Theory, Tunneling Incentive And Tax To Transfer Pricing

(Companies Listed on the Indonesian Stock Exchange period 2019-2023)

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Abstract

This research was conducted on mining companies listed on the Indonesian Stock Exchange for the 2019-2023 period. The research aims to determine the influence *Positive Accounting Theory*, *Tunneling Incentive and Tax to Transfer Pricing* In Mining Companies Listed on the Indonesian Stock Exchange for the 2019-2023 Period. The data collection method uses *purposive sampling*. Based on the specified criteria, 7 companies were obtained. The type of data used is secondary data obtained from each company's website. The analysis method used is panel data regression. Based on research results: There is no influence *Positive Accounting Theory* to *Transfer Pricing*. There is influence *Tunneling Incentive on Transfer Pricing*. There is influence *Tax* To *Transfer Pricing*. This research is expected to provide benefits for accounting in the implementation of tax and financial accounting learning. This research is also expected to provide a contribution in the form of understanding for business actors in making decisions *Transfer pricing* in Multinational companies.

Keywords: *Positive Accounting Theory, Tunneling Incentive, Tax, Transfer Pricing*

1. Introduction

Transfer Pricing It is very important for companies to carry out exchange transactions for goods and services within companies of the same group, and can be used to maximize profits for a company through determining the price of goods or services by a company organization to other organizational units within the same company (Asaff, 2022). Transfer Pricing Companies can also carry out profit smoothing by transferring company profits that have met the target and are high to branch or related companies that have not reached the specified profit target. This is done so that company group profits can generate high profits or avoid losses so that they can attract investors' interest in investing their capital in the company (Setyorini and Nurhayati, 2022).

Indonesia is a country rich in natural resources and minerals, so it is often referred to as a mining country where almost all mining materials are available in this country, such as gold, silver, petroleum, copper, coal, nickel and others. In 2019 Indonesia became the largest coal exporter in the world with a coal export volume of more than 467 million tons (Putri, 2019). Indonesian mining activities have the potential to support enormous economic empowerment to improve the national economy. However, until 2019, PNBP arrears in the mineral and coal sector still remained IDR 2.5 trillion (Sulmaihati, 2019).

The tax ratio contributed by the mineral and coal mining sector, based on data obtained from the Ministry of Finance in 2016, was only 3.9%, while the national tax ratio was 10.4%. The tax ratio is a comparison of tax revenues from the mining and mineral sector with gross domestic product so that it can be used to measure the performance of state revenues originating from the mineral and coal mining sector. Low value *Tax ratio* cannot be separated from the problem of tax avoidance carried out in order to maximize profits.

One company that is considered prone to manipulation practices *Transfer Pricing* is a mining company. It is known that the majority of mining sector company investments in Indonesia are dominated by foreign capital, so this causes business transactions to be carried out by exporting abroad, especially the investors' home countries. Thus, this further increases the possibility for companies to manipulate transfer prices, especially to their affiliates who are abroad.

The mining sector companies listed on the IDX in 2018 were 48 companies, of which there were 87.5%, namely 42 companies making decisions *Transfer Pricing* and compared with the percentage of companies that did not make a decision *Transfer Pricing* only 12.5%, namely 6 companies. This percentage explains the level of the company's decision to do so *Transfer Pricing* very high and much larger when compared to companies that do not make Transfer Pricing decisions.

Positive Accounting Theory predicts that managers have a tendency to increase company profits with the aim of hiding poor performance which can then have an impact on decreasing the manager's market value in the labor market. This can encourage managers to lower levels *accounting conservatism*. In predicting this, this research uses debt covenants, bonus mechanisms, and political costs as benchmarks for predictions *Positive Accounting Theory*. *Transfer Pricing* This often occurs due to the large tax rates, apart from the tax rates, there are other reasons why companies make transfers *Pricing* namely the bonus mechanism, *Tunneling Incentive*, and also *Debt Covenant*.

Practice *Transfer Pricing* It can also be caused by non-tax factors such as debt agreements *(debt covenant)*. This is proven in research by Solikhah et al, (2021); Nurafipah and Ferdiansyah (2023); Sari et al (2022) and Hartika and Rahman (2020) which show that debt covenants have an effect on *Transfer Pricing*, while research conducted by Rizkillah and Putra (2022) and Eldora et al (2023) shows that *debt covenant* has no effect on *Transfer Pricing*.

Influence *Tunneling Incentive* To *Transfer Pricing*, *Tunneling* is the behavior of majority share management or holders who transfer company assets and profits for their own interests, but the costs are borne by minority shareholders (Darma, 2020).

The next factor that can influence *Transfer Pricing* is *Tax*. *Tax* is an obligation that companies must pay to the government for the profits generated in each period, the high tax rates that apply in a country will cause companies to have to bear greater burdens, and reduce the profits earned by companies, so that it will encourage company management to practice *Transfer Pricing* by transferring company profits to related parties in countries that have lower tax rates so that they can maximize the profits obtained according to the wishes of shareholders (Setyorini and Nurhayati, 2022).

Based on the background, phenomena above, and the existence of several differences in the results of previous research on these variables, the author will conduct research entitled "***Determinan Positive Accounting Theory, Tunneling Incentive, and Tax to Transfer Pricing* In Mining Companies Registered on the IDX 2019-2023**"

2. Literature Review

Agency Theory

Agency Theory (Agency Theory) is a theory that arises when business activities are not controlled directly by the company owner, but are handed over to an agency (management) to manage them (Hoesada, 2020). According to Devi and Suryarin, (2020), agency theory can be interpreted as a contract in which one or more principals employ other people as agents to perform services on behalf of the principal and give authority to the agent to make the best decisions for the principal. These agents will later be responsible to the principals (shareholders in the company) who have chosen or appointed them to achieve a target in the form of additional wealth for investors through optimizing profits. However, the principal and agent each have two different interests, in which they seek to prosper themselves.

There are three relationships in agency theory, namely the relationship between management and owners, the relationship between management and creditors, and also the relationship between management and the government (Januarti, 2021). Agency problems are caused by information asymmetry between the agent and the principal. In this case, the agent has more information than the principal, which leads to ethical violations (moral hazard).

This theory is related to the variables that will be tested in this research, namely, Tunneling Incentive and Tax to Transfer Pricing. It is known that there are differences in interests between the government and management regarding tax payments, where the government seeks to increase the tax ratio by maximizing state income from the tax sector, but companies actually want to obtain maximum profits by making efforts to minimize tax payments, one of which is by implementing practices Transfer Pricing.

Agency Theory

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Financial Statements

According to Kasmir (2020), financial reports are reports that show the company's financial condition at the moment or in a certain period. Meanwhile, according to Suteja (2020) a financial report is a report that describes the financial position from the results of an accounting process during a certain period which is used as a communication tool for interested parties. It can be concluded that a financial report is a report that describes the company's financial condition in a certain period which is useful for parties who use financial reports.

Finance According to PSAK 1 (Revised 2022) the purpose of financial reports is to provide information regarding the financial position of a company that is useful for a large number of users in making economic decisions. Relevant information will be useful for users if it is available on time before the user loses the opportunity or ability to influence the decision to be taken.

Entities apply this statement in the preparation and presentation of general purpose financial reports in accordance with Financial Accounting Standards (SAK). This statement does not apply to the preparation and presentation of financial statements of sharia entities. Other PSAKs regulate the recognition, measurement and disclosure requirements of certain transactions and other events. This statement does not apply to the structure and content of concise interim financial reports prepared in accordance with PSAK 3: Interim Financial Reports. However, it is applied to the interim financial report. This statement applies to all entities, including entities that present consolidated financial statements in accordance with PSAK 65: consolidated financial statements and entities that present separate financial reports in accordance with PSAK 4: separate financial statements.

Positive Accounting Theory

Positive Accounting Theory aims to explain and predict the current application of accounting (Januarti, 2021). This theory seeks to understand why accounting practices are used by different companies in different situations. *Positive Accounting Theory* also tries to describe a process that utilizes accounting skills, understanding, knowledge, and application of the most appropriate accounting methods to deal with certain situations in the future. According to Januarti (2021), positive accounting theory tends to refer to empirical studies that maximize returns (profits), both for investors, managers and the wider community through the choice of existing accounting methods. According to Januarti (2021), there are three hypotheses in positive accounting theory, namely bonus mechanism plans, debt agreements *(debt covenant)*, and political costs *(political cost)*.

Bonus Mechanism Plan. In this hypothesis, it is explained that the management of companies with bonus plans will tend to prefer accounting policies that can replace profit reporting from the coming period to the current period. If the size of the bonus depends on the size of the company's profits, then the manager will try to report profits as high as possible in order to obtain a larger bonus, one of which is by choosing the accrual accounting method.

Debt Agreement *(Debt Covenant)* In this hypothesis, it is explained that company management uses ratios *Leverage* Those who are high prefer to choose accounting policies that can replace the reporting of profits from the coming period to the current period. By choosing this accounting policy, the company's leverage ratio will be low, thereby reducing the potential for technical failure *(default technic)*. As is known, many debt agreements require borrowers to maintain debt to equity ratios, working capital, equity capital, and so on. If this debt agreement is violated within the term of the contract, then there will be sanctions for violating this contract, for example restrictions on dividends or additional financing.

$$\boxed{DER = \frac{Total\ Hutang}{Modal\ Saham}}$$

Source: Nofryanti dan Arsjah (2019)

Political Costs *(Political Cost Hypothesis)* In this hypothesis, it is explained that the greater the political costs of a company, the greater the possibility that company management will choose an accounting policy that delays reporting profits from the current period to the future period. This hypothesis is based on the assumption that companies with high political costs are more sensitive to large-scale asset transfers than companies with low political costs.

Or it can also be said that large companies tend to reduce or reduce reported profits more than small companies.

Based on the results of the discussion above related *Positive Accounting Theory* so in this research the first hypothesis that the researcher takes is as follows:

H1: *Positive Accounting Theory is influential* to*Transfer Pricing.*

Tunneling Incentive

Tunneling Incentive is an activity of transferring resources, including assets, sharing profits and granting special rights granted by majority shareholders to minority shareholders to obtain profits for majority shareholders and have a detrimental impact on minority shareholders (Nofryanti and Arsjah, 2019). Measurement *Tunneling Incentive* using shareholders by foreign parties with a share ownership percentage of 20% or more. Calculation *Tunneling Incentive* obtained by the following formula:

$$TUN = \frac{Jumlah\ Kepemilikan\ Saham\ Terbesar}{Jumlah\ Saham\ Beredat}$$

Source: Nofryanti dan Arsjah (2019)

Based on the results of the presentation and based on the theory that the researcher explained previously, in this study the second hypothesis that the researcher used is as follows:

H2: *Tunneling Intencive* influence on *Transfer Pricing*

Tax

Animah and Ismawati (2021) state that tax is an obligation to hand over part of one's wealth to the state treasury due to circumstances, events and actions that give one a certain position, but not as a punishment, according to regulations set by the government and can be enforced, but there is no reciprocal service from the state directly to maintain general welfare. The definition of tax according to Law Number 28 of 2007 concerning general provisions and procedures for taxation, tax is a mandatory contribution to the state owed by an individual or entity that is coercive based on law, with no direct compensation and is used for state needs for the greatest prosperity of the people.

Article 18 paragraph (3) of the Income Tax Law gives the Director General of Taxes the authority to re-determine the amount of income and deductions to calculate the amount of taxable income for transactions carried out between parties who have a special relationship. However, the authority of the Director General of Taxes is not exercised if the taxpayer has fulfilled the principles of fairness and business practice in transactions carried out with parties who have a special relationship. The recalculation of the amount of income and deductions is carried out by considering the methods and documents for determining fair prices or reasonable profits applied by the taxpayer. It is important for taxpayers to apply the correct Transfer Pricing method and create adequate Transfer Pricing documentation (Fitri, 2019). Apart from that, the Director General of Taxes also has the authority to make adjustments *(correlative adjustment)* on the calculation of the taxpayer's taxable income as a follow-up to a *adjustment (primary adjustment)* which is done by:

a. Director general of taxes regarding the calculation of income and deductions made by other domestic taxpayers, including permanent establishments with which the taxpayer has transactions.

b. Tax authorities of other countries regarding the calculation of income and deductions made by taxpayers of that country with whom the domestic taxpayer has transactions, including permanent establishments in Indonesia. After making adjustments, the Director General of Taxes has the authority to conduct investigations as regulated in Article 44 of the KUP Law regarding transactions *Transfer Pricing* who are indicated to have criminal acts in the field of taxation.

c. An investigation is carried out if a tax audit finds initial evidence of suspected criminal acts in the field of taxation. Preliminary evidence examination is an examination carried out to obtain initial evidence regarding allegations that a criminal act has occurred in the field of taxation (Nofryanti and Arsjah, 2019).

d. In 2016, the Directorate General of Taxes issued Regulation of the Directorate General of Taxes Number: 213/PMK.03/2016 concerning audit guidelines for taxpayers who have special relationships. This regulation develops the types and forms of letters or documents required for examinations *Transfer Pricing*.

Practices and implementation of special inspections *Transfer Pricing* will continue to develop along with the development of information technology and the increasing variety of transactions involving different tax jurisdictions. In this research, taxes are proxied by *Effective Tax Rate (ETR)* where ETR is a percentage of the tax rate borne by the company.

$$\boxed{\text{ETR} = \frac{\text{Beban Pajak} - \text{Pajak Tangguhan}}{Laba\ Kena\ Pajak}}$$

Source: Nofryanti dan Arsjah (2019)

Based on the explanation and theory that the researcher has used as explained previously, the third hypothesis that the researcher used in this research is as follows:

H3: *Tax* influence on *Transfer Pricing*

Transfer Pricing

Transfer Pricing can be interpreted as a policy within the company that is carried out to determine the transfer costs of goods or services available in the company (Rizkillah and Putra, 2022). Wijaya and Widianingsih (2020) explain *Transfer Pricing* is a company policy in determining transaction prices between divisions or between companies under one parent company which is used to make it easier for companies to adjust internal prices for traded goods, services and intangible assets so that the prices created are not too high or too low. Syahputri and Rachmawati (2021) also provide a definition *Transfer Pricing* can be seen from three different perspectives. From a corporate law perspective, *Transfer Pricing* seen as a tool to increase efficiency and synergy between the company and its shareholders. Meanwhile, if viewed from a management accounting perspective, transfer pricing can help companies maximize their profits by determining the prices of goods and services from one organizational unit in the company to another organization in the same company.

Usually cases like this often occur in large companies that have subsidiaries as suppliers or supporters of the parent company's business. As for in terms of *Transfer Pricing* taxation it can be said that *Transfer Pricing* This is a pricing policy carried out by parties who have a special relationship in the transactions they carry out. In general, related regulations are regulated in Article 18 of Law no. 36 of 2008 concerning income tax. Where in Article 18 of Law no. 36 of 2008 states that special relationships are referred to in activities *Transfer Pricing* is a taxpayer who has an ownership percentage of at least 25% in other taxpayers.

There are other related policies *Transfer Pricing* in Indonesia, namely the Minister of Finance Regulation Number 22/PMK.03/2020 concerning procedures for implementing transfer price agreements (*advance pricing agreement)* and Minister of Finance Regulation Number 213/PMK.03/2016 which regulates *Transfer Pricing* related to the types of documents and additional information that taxpayers must have when carrying out transactions with parties who have a special relationship and the procedures for managing them (Maulida and Wahyudin, 2020).

In practice *Transfer Pricing* there are principles *arm's length*, meaning that all transaction activities carried out by taxpayers must follow the principles of fairness and business practice, therefore the Ministry of Finance requires taxpayers to prepare documentation *Transfer Pricing* or commonly known *TP doc (Transfer Pricing documentation)*. Implementation of principles *arm's length* In transactions with related parties, this is regulated in PER-32/PJ/2011. There are several indicators commonly used in measurement *Transfer Pricing*, namely as follows: 1) Measurement using the ratio formula *Related Parties Assets and Liability (RPTAL)* which is obtained from the value of assets and liabilities from transactions with related parties divided by the company's total equity, this measurement refers to the measurement carried out by Sari et al (2022) and Solikhah et al (2021) Measurement using the ratio formula *Transfer Pricing Index (TPI)* which is obtained from the total receivables from related parties divided by the total receivables of the company, this ratio is a measurement according to PSAK article 7 (adjusted in 2015) and is most often used in research, for example in the research of Nurafipah and Ferdiansyah (2023), Eldora et al (2023), Solikhah et al (2021), Devi and Suryarini (2020), Maulida and Wahyudin (2020), and Nofryanti and Arsjah (2019). The formula used by several researchers is as follows:

$$TF = \frac{Transaksi\ Pihak\ Berelasi}{Total\ Piutang}$$

Source: Nofryanti dan Arsjah (2019)

3. Methode

Fitri (2019) states that various research approaches consist of qualitative research, quantitative research and *mixed methods research*. Hardani et al (2020) explain that qualitative research is research carried out in natural conditions and is of a discovery nature, generally using qualitative data and using inductive qualitative data analysis, namely the analysis process of the data obtained is developed into a hypothesis. From the formulation of the hypothesis, data is added and searched repeatedly and then it is concluded whether the hypothesis is accepted or rejected.

Hardani et al (2020) argue that quantitative research is research with quantitative data that is carried out with an orderly and firm structure, so that the research process from start to finish can be predicted. Quantitative research uses a lot of numbers from data collection then data interpretation to data presentation. Research results are presented in the form of tables, graphs or other forms to make it easier to read the results and convey information. Fitri (2019) believes that the mixed methods research approach combines the mindset of qualitative and quantitative research approaches to obtain comprehensive answer content both statistically and narratively. *Mixed methods research* used to ascertain whether narrative conclusions are supported by statistical data, and conversely whether statistical conclusions are supported by narrative arguments, so that the overall conclusion is logical. The research approach in this research is quantitative research with data processing using a program *eviews* 12.

Place and Time of Research

This research was conducted on mining companies listed on the Indonesian Stock Exchange from 2019 to 2023. The Indonesian Stock Exchange was chosen as the research location because the data needed comes from the Indonesian Stock Exchange, and access to data collection is easy either via the website www.idx.co.id or by visiting the Indonesian Stock Exchange.

Variable Measurement & Research Subjects

Hardani et al (2020) state that a research variable is a character determined by the researcher to be studied, researched and obtained results in the form of conclusions. There are three types of research variables in this study, namely:

a. Variabel Depend (Y)

The dependent variable is a variable that is caused by another variable which becomes the main problem for researchers, then becomes the object of research according to Hardani et al (2020).

The dependent variable is a dependent variable that is influenced by other variables. The dependent variable is generally symbolized by Y. The dependent variable in this research is *Transfer Pricing.*

b. Independent Variable (X)

Hardani et al (2020) independent variables are variables that are theoretically likely to cause or have an impact on the dependent variable. Independent variables or independent variables are variables that can influence the dependent variable. The independent variable is usually denoted by the letter X. The independent variable in this research is *Positive Accounting Theory* (X1), *Tunneling Incentive* (X2) *and Taxes* (X3).

Based on the description that the researcher had previously carried out, in this study the researcher made a summary regarding the measurement of the variables used. The summary of measurements is as follows:

Table 3.1
Operational Definition of Variables

Variabel	Indikator	Skala Pengukuran
Transfer Pricing	$TF = \frac{Related\ Party\ Transaction}{Total\ Receivables}$ (Nofryanti dan Arsjah, 2019)	Ratio
Positive Accounting Theory (Debt convenant, Bonus mechanism, political Cost)	$DER = \frac{Total\ Debt}{Share\ Capital}$ (Nofryanti dan Arsjah, 2019)	Ratio
Tunneling Incentive	$TUN = \frac{Largest\ Number\ of\ Share\ Own}{Number\ of\ Shares\ Circulation}$ (Nofryanti dan Arsjah, 2019)	Ratio
Tax	$\text{ETR} = \frac{\text{Defered Tax Expense}}{Taxable\ profit}$ (Nofryanti dan Arsjah, 2019)	Ratio

Population and Sample Methode

According to Hardani (2021), population is a generalization of an object or subject that has qualities and characteristics determined by the researcher to be studied and then made conclusions. The purpose of population is to determine the boundaries of the research area. Sugiyono (2020) also stated that population as a general area consists of objects or subjects that have certain qualities and characteristics that are determined by researchers to be studied and then draw conclusions. In population research, it is divided into two, namely the general population and the target population. The population in this research is mining companies listed on the Indonesia Stock Exchange during the 2019-2023 period, totaling 47 populations as follows:

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Table 3.2
List of Population

NO.	KODE	NAMA PERUSAHAAN	SUB SEKTOR
1	ADRO	Adaro Energy Tbk	Batubara
2	ARII	Atlas Resources Tbk	Batubara
3	BOSS	Borneo Olah Sarana Sukses Tbk	Batubara
4	BSSR	Baramulti Suksessarana Tbk	Batubara
5	BUMI	Bumi Resources Tbk	Batubara
6	BYAN	Bayan Resources Tbk	Batubara
7	DEWA	Darma Henwa Tbk	Batubara
8	FIRE	Alfa Energi Investama Tbk	Batubara
9	GEMS	Golden Energy Mines Tbk	Batubara
10	GTBO	Garda Tujuh Buana Tbk	Batubara
11	HRUM	Harum Energy Tbk	Batubara
12	INDY	Indika Energy Tbk	Batubara
13	ITMG	Indo Tambangraya Megah Tbk	Batubara
14	DOID	Delta Dunia Makmur Tbk	Batubara
15	DSSA	Dian Swastatika Sentosa Tbk	Batubara
16	KKGI	Resource Alam Indonesia Tbk	Batubara
17	MBAP	Mitrabara Adiperdana Tbk	Batubara
18	MYOH	Samindo Resources Tbk	Batubara
19	PKPK	Perdana Karya Perkasa Tbk	Batubara
20	PTBA	Bukit Asam Tbk	Batubara
21	PTRO	Petrosea Tbk	Batubara
22	SMMT	Golden Eagle	Batubara
23	TOBA	Toba Bara Sejahtra Tbk	Batubara
24	TRAM	Trada Alam Minera Tbk	Batubara
25	APEX	Apexindo Pratama Duta Tbk	Minyak dan Gas
26	ARTI	Ratu Prabu Energi Tbk	Minyak dan Gas
27	BIPI	Nusantara Infrastruktur Tbk	Minyak dan Gas
28	ELSA	Elnusa Tbk	Minyak dan Gas
29	ENRG	Energi Mega Persada Tbk	Minyak dan Gas
30	MEDC	Medco Energi Internasional Tbk	Minyak dan Gas
31	MITI	Mitra Investindo Tbk	Minyak dan Gas
32	RUIS	Radiant Utama Interinsco Tbk	Minyak dan Gas
33	PASTI	Super Energy Tbk Capitalinc	Minyak dan Gas
34	PTFN	Investment Tbk	Minyak dan Gas
35	WOQS	Ginting Jaya Energi Tbk	Minyak dan Gas
36	ANTM	Aneka Tambang Tbk	Logam dan Mineral
37	BRMS	Bumi Resources Minerals Tbk	Logam dan Mineral
38	CITA	Cita Mineral Investindo Tbk	Logam dan Mineral
39	DKFT	Central Omega Resources Tbk	Logam dan Mineral
40	IFSH	Ifishdeco Tbk	Logam dan Mineral
41	INCO	Vale Indonesia Tbk	Logam dan Mineral
42	MDKA	Merdeka Copper Gold Tbk	Logam dan Mineral
43	PSAB	J Resources Asia Pasifik Tbk	Logam dan Mineral
44	SMRU	SMR Utama Tbk	Logam dan Mineral
45	TINS	Timah Tbk	Logam dan Mineral
46	ZINC	Kapuas Prima	Logam dan Mineral
47	CTTH	Coal Tbk Citatah Tbk	Tanah dan Batu Galian

Source: IDX.co.id

A sample is a subset or small number of elements taken from a larger population to represent certain characteristics or attributes of that population. The use of samples allows researchers or analysts to draw conclusions or make generalizations about a population more efficiently and economically, rather than having to collect and analyze data from the entire population. The sample selection process must pay attention to appropriate statistical principles so that the sample taken can validly represent the larger population. In this research the author chose a purposive sampling technique to determine the sample used. purposive sampling, namely selecting samples using certain criteria (Sugiyono, 2020).

Methode of Collecting Data

There are two types of data in quantitative research, namely primary and secondary data. Primary data is data collected directly by researchers, in quantitative research data is usually obtained from experiments and surveys by Hardani et al (2020). The opinion of Hardani et al (2020) is that secondary data is data that is previously available, collected and created by other parties, for example written sources belonging to libraries, the government and company financial reports. In this research, secondary data was used, data obtained from the publication of annual reports and financial reports issued by Mining Companies Listed on the Indonesia Stock Exchange 2019-2023.

In this research, data was obtained from annual reports and annual financial reports of mining companies registered on the Indonesia Stock Exchange 2019-2023. The data in this research is secondary data, namely data from annual financial reports (annual reports) of mining companies listed on the Indonesia Stock Exchange with a research period of 2019 to 2023. The data collection method used in this research is as follows:

a. Documentation

   The documentation method for this research is by looking at documents that have already occurred, namely financial reports and company audit reports. The company's annual financial report data was obtained on the website www.idx.co.id which is the official website of the Indonesia Stock Exchange.

b. Literature review *(Library Research)*

   This data was obtained through library research, namely from books or literature such as journals, theses or theses that are related to the problem to be researched

Data Analysis Methode

There are various statistical techniques for data analysis. Data analysis is a data modeling process to obtain relevant information in the data and the results are used to solve problems. Data analysis is an important process in making decisions, in business terms it can also be useful for streamlining business operations. Researchers use applications *Eviews* version 12 to process data and draw conclusions. This analysis aims to find out *Determinan Positive Accounting Theory, Tunneling Incentive and Tax to Transfer Pricing* in mining companies listed on the Indonesia Stock Exchange 2019-2023.

a. Descriptive Statistical Analysis

   Descriptive statistical analysis in this study was assessed using mean, maximum, minimum and standard deviation. The mean is the average value of data, obtained from adding up all the data divided by the number of data. Maximum is the largest

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value in a data. Minimum is the smallest value in data. Standard deviation can measure how data values are spread out.

b. Panel Data Regression Estimation

Panel data regression estimation is a method that functions to model the influence of independent variables on dependent variables in several sectors that have been observed from the research object in a certain time period. According to Sugiyono (2020), to estimate models using panel data regression, there are three techniques (models) that are often offered, namely *Common Effects Model (CEM), Fixed Effects Model (FEM),Random Effects Model (REM).*

c. Panel Data Regression Model Selection Techniques

In general, three panel data estimation methods can be selected according to the research situation. The following is a test scheme for determining the panel data regression model that will be used in panel data regression analysis, such as the Chow Test, test *Hausman* and Test *Lagrange Multiplier*.

d. Classical Assumption Test

The condition for a model to be valid as an estimation tool is to test the classical assumptions which must be met in the linear regression model *Ordinary Least Square (OLS)*. Based on OLS regression, panel data models include the Common Effect Model (CEM) and *Fixed Effect Model (FEM)* Thus, classical assumptions must be tested if the regression model used is in the form of CEM or FEM. On the other hand, if the regression equation is suitable for use with *Random Effect Model (REM),* then REM uses the method *General Least Squares (GLS)* in the estimation method, so there is no need to continue classical hypothesis testing. There are various classical assumption tests, including tests *Autocorrelation, Linearity*, And *Multicollinearity*, *Normality* as well as *Heteroscedasticity*. But testing is not all it takes, just tests *Multicollinearity* And *Heteroscedasticity*.

e. Hypothesis Testing

A statistical hypothesis is a statement about parameters that are still weak and need to be proven true. Hypothesis testing is a value obtained from the results of calculating sample data which is used to make conclusions about rejecting or accepting H0. Some of the tests included are the Model Feasibility Test (F Test) and the t Test.

f. Coefficient of Determination Test (R2)

The coefficient of determination (R2) is used to measure the correlation between the dependent variable and the independent variable. Mark *adjusted* will show how much influence X will have. The bigger the results *R-Squared* will be better because this identifies the size of the independent variable in explaining the dependent variable. To test the coefficient of determination, the researcher used to determine the level of R2 using the help of an application program *Eviews* 12, from the known R2, the coefficient of determination is calculated.

g. Panel Data Regression Analysis

Panel data regression analysis is a combination of data *time series* And *cross section*. Panel data is data with many research objects, for example industry, banks and other forms whose observations are in two or more periods, indicated using data. *time series* (Sugiyono, 2020)

4. Result and Discussion

Based on sampling criteria, this research uses a sample of Mining Companies listed on the Indonesia Stock Exchange for the 2019-2023 period. The population in this study is all annual financial reports of mining companies listed on the Indonesia Stock Exchange for the period 2019 to 2023. The sample in this study used a purposive sampling technique, namely determining the sample using certain criteria, so a sample of 7 companies was obtained.

Based on the selection process with the sampling criteria above, 7 mining companies can be identified that can be used as samples during the observation period. The research used was from 2019 to 2023 or for 5 years so the amount of data obtained was 35 data. The data used are annual financial reports. The following is a research sample code for mining companies based on the alphabetical order of the company name.

Table 4.1
Sampel list of Companies

No.	Kode	Nama Perusahaan
1	ANTM	Aneka Tambang Tbk
2	CITA	Cita Mineral Investindo Tbk
3	ELSA	Elnusa Tbk
4	ITMG	Indo Tambangraya Megah Tbk
5	MDKA	Merdeka Copper Gold Tbk
6	PTBA	Bukit Asam Tbk
7	RUIS	Radiant Utama Interinsco Tbk

Descriptive Statistic Analysis

Descriptive statistics is a branch of statistics that aims to describe and summarize the main characteristics of a set of data through tools such as tables, graphs and various numerical measures. Descriptive statistics in this research were carried out with the aim of knowing the average (mean), standard deviation, minimum and maximum values for each variable. The descriptive statistical results in this research are as follows:

Table 4.2
Descriptive Statistics Results

Date: 06/14/24 Time: 00:02
Sample: 2019 2023

	PAT	TUN	ETR	TF
Mean	30.10541	0.659888	0.040634	0.261817
Median	30.92786	0.613698	0.140898	0.020558
Maximum	37.68383	6.425961	0.797288	3.504764
Minimum	21.54114	0.182929	-3.073741	0.000554
Std. Dev.	4.951244	0.929602	0.522930	0.687856
Skewness	-0.037659	5.865855	-5.114609	3.657352
Kurtosis	3.221944	36.99596	31.57352	16.09531
Jarque-Bera	0.096131	2263.377	1611.895	393.7361
Probability	0.953071	0.000000	0.000000	0.000000
Sum	1264.427	27.71528	1.706648	10.99633
Sum Sq. Dev.	1005.107	35.43056	11.21168	19.39901
Observations	35	35	35	35

Source: Process by researcher (2024)

Based on the table above, it can be explained that the number of data declared valid in this research was 35 samples. The sample came from 7 companies with an observation period of 5 years, namely from 2019-2023. The variable TP (Y) has a value *maximum* 3.504764 and value *minimum* equal to 0.000554. The average value is 0.261817. The standard deviation value of 0.687856 is greater than the mean value *Transfer pricing* has a high level of data variation.

Variable *Positive Accounting Theory (PAT)* shows a minimum value of 21.54114 and for maximum data it is 37.68383. the average value is 30.10541. The standard deviation value of 4.951244 is greater than the average value, meaning there is high fluctuation in *Positive Accounting Theory* in the mining companies sampled in this study.

The Tunneling Incentive variable shows a minimum value of 0.182929 and for maximum data it is 6.425961. average value of the variable *Tunneling Incentive* during the observation period was 0.659888. The standard deviation value of 0.929602 is greater than the mean value *Tunneling Incentive* has a high level of data variation on *Tunneling Incentive* in the mining companies sampled in this study.

The Tax variable shows a minimum value of -3.073741 and for maximum data it is 0.797288. Average value of variable *Tax* during the observation period was 0.040634. The standard deviation value of 0.522930 is greater than the average value, meaning that there is a high level of data variance in *Tax* in the mining companies sampled in this study.

Estimation of Panel Data Regression Models

Panel data is a combination of data *cross section* (data of several companies) with data *time series* (data collection over several years), where the same cross section units are measured at different times. The panel data regression model estimation is based on three models, namely *Common Effect Model (CEM), Fixed Effect Model (FEM)* And *Random Effect Model (REM).*

Table 4.3
Uji Common Effect Model (CEM)

Dependent Variable: TF
Method: Panel Least Squares
Date: 06/13/24 Time: 23:53
Sample: 2019 2023
Periods included: 5
Cross-sections included: 7
Total panel (balanced) observations: 35

Variable	Coefficien...	Std. Error	t-Statistic	Prob.
C	0.141885	0.443489	3.319929	0.0012
PAT	-0.001392	0.014990	-0.092857	0.9266
TUN	0.594266	0.062246	9.547063	0.0000
ETR	0.058590	0.110681	3.529363	0.0032

R-squared	0.753947	Mean dependent var	0.219963
Adjusted R-squared	0.730135	S.D. dependent var	0.689502
S.E. of regression	0.358186	Akaike info criterion	0.891682
Sum squared resid	3.977214	Schwarz criterion	1.069436
Log likelihood	11.60444	Hannan-Quinn criter.	0.953043
F-statistic	31.66299	Durbin-Watson stat	0.771943
Prob(F-statistic)	0.000000		

Source: Process by researcher (2024)

Panel data regression estimation with methods Common Effect Model as presented in table 4.19 proves that the independent variable Positive Accounting Theory has no effect on Transfer Pricing with a probability value of 0.9266 > significance level (α) 0.05. The Tunneling Incentive variable influences Transfer Pricing with a probability value of 0.0000 <significance level (α) 0.05, while the independent variable Tax influence on Transfer Pricing with a probability value of 0.0032 <significance level (α) 0.05.

Selection of Estimation Model

This data processing aims to determine the influence *Positive Accounting Theory, Tunneling Incentive* And *Tax*, the analytical tool used in this research is panel data analysis, before carrying out a hypothesis test, a model test must be carried out first, which consists of three tests, namely the Chow Test, the *Hausman* and Test *Langrage Multiplier.*

Table 4.4
Panel Data Regression Model Conclusion

No.	Metode	Pengujian	Hasil
1	Uji Chow	CEM vs FEM	CEM
2	Uji Hausman	RE, vs FEM	REM
3	Uji Lagrange Multiplier	CEM vs REM	REM

Source : Process by researcher (2024)

From table 4.4 above you can see the results of the three tests that have been carried out so that it can be concluded that the panel data regression model used further in estimating is the Random Effect Model (REM). The REM model is better at estimating the influence of Positive Accounting Theory, Tunneling Incentive and Tax on Transfer Pricing in Mining companies listed on the Indonesian stock exchange in the 5 year research year from 2019 to 2023.

Classical Asumption Test

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The classical assumption test is a statistical requirement that must be met in regression analysis that uses the approach *Ordinary Squared (OLS)* in the estimation technique. The classical assumption test is carried out depending on the results of selecting the estimated regression model, namely *Common Effect Model dan Fixed Effect Model.* However when the regression model is used *Random Effect Model* So there is no need to test classical assumptions, because the Random Effect Model (REM) uses the approach *General Least Squared (GLS)* in Hariyanto's estimation technique (2019).

Coefficient of Determination (R2)

Based on the results of the Determination Coefficient data, a value is obtained *Adjusted R-Square* equal to 0.773777, which means that the variation changes up and down *Transfer Pricing* can be explained by variables *Positive Accounting Theory, Tunneling Incentive* And *Tax* amounting to 0.773777 or 77.38% of the magnitude of this presentation indicates a strong correlation, while the remainder, namely 22.62%, is influenced by other variables not included in this study.

Hypothesis Testing

Based on the results of the first hypothesis test, it is known that the calculated t value *Positive Accounting Theory* amounting to -0.228895, while the t table with a level of α = 5% df (35-4) =31 obtained a t-table value of 2.776445, thus the calculated t (-0.228895) < t table (2.776445) and the prob value is 0.8205 > 0.05, so H1 is rejected and Ho is accepted. Based on these results it can be concluded that *variabel Positive Accounting Theory* in this study it had no effect on *Transfer Pricing*. **Thus, H1 in this study is rejected.**

Based on the results of the second hypothesis test, it is known that the calculated t-value for Company Size is 11.06860, while the t table with a level of α = 5% df (35-4) =31 obtained a t-table value of 2.776445, thus t calculated (11.06860) > t table (2.776445) and the prob value is 0.0000 < 0.05, so H2 is accepted and Ho is rejected. Based on these results it can be concluded that variable *Tunneling Incentive* in this research has an effect on *Transfer Pricing*. **Thus, H2 in this study is accepted.**

Based on table 4.30, it is known that the calculated t value *Tax* amounting to 3.405862, while the t table with a level of α = 5% df (35-4) =31 obtained a t-table value of 2.776445, thus t count (3.405862) > t table (2.776445) and the prob value is 0.0036 < 0.05, so H3 is accepted and Ho is rejected. Based on these results it can be concluded that variable *Tax* in this research has an effect on *Transfer Pricing*. **Thus, H3 in this study is accepted.**

5. Conclusion

Based on the results of statistical testing and based on the discussion explained in the previous chapter, the conclusions of this research are as follows:

a. Positive Accounting Theory has no effect on Transfer Pricing as evidenced by the p-value of 0.8205 > significance level of 0.05 and the calculated t value < t table (-0.228895 < 2.776445).
b. Tunneling Incentive has an effect on Transfer Pricing as evidenced by the p-value of 0.0000 < significance level 0.05 and the calculated t value > t table (11.06860 > 2.776445).

c. Tax has an effect on Transfer Pricing as evidenced by the p value of 0.0036 < significance level 0.05 and the calculated t value > t table (3.405862 > 2.776445).

The research that has been conducted has several limitations, including the following:

a. This research uses mining sector companies from 2019 to 2023 as the research population.
b. The research period used in this research is 5 years starting from 2019 to 2023.
c. This research only uses three independent variables, one dependent variable.

Based on the conclusions and limitations above, the recommendations that can be given by the author are as follows:

a. For Companies

In this era of modern developments which are starting to see a lot of activity, companies, especially mining companies, are expected to examine further the influence of Positive Accounting Theory, Tunneling Incentive and Tax on Transfer Pricing so that they can control the level of transfer pricing that occurs in Indonesia, so as not to cause losses for both the company and the majority and minority shareholders.

b. For Further Researchers

i. For further research, it is hoped that we can increase the number of variables that will be used, such as variables and knowledge management.
ii. It is hoped that further research can increase the number of years of observation and the number of samples used so that it can better describe the actual situation.
iii. Further research can be carried out by adding direct and indirect influences in order to find out the aspects that support influencing Transfer Pricing.

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