

ABSTRACT

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THE TENDENCY OF UNFAIR TRANSFER PRICING PRACTICES AS TAX AVOIDANCE ON INVESTMENTS BY ASSOCIATED COMPANIES WITH PROFITABILITY, INTANGIBLE PROPERTY, AND LEVERAGE AS MODERATING VARIABLES

(vi + 86 pages, 11 table, 3 appendices)

This study aims to analyze the tax mechanism applicable in Indonesia for the examination of special relationships, namely investment in associates as a form of tax avoidance in the form of unfair transfer pricing practices. Profitability, intangible property (IP), and corporate leverage are used as moderating variables to see if the variables of profitability, IP, and leverage strengthen the relationship of transfer pricing practices as tax avoidance of companies that conduct investment in associates that are the focus of the Indonesia Directorate General of Taxes (DJP) during the tax audit in Indonesia related to special relationship transactions. Companies listed on the Indonesia Stock Exchange (IDX) were used as the population. The purposive sampling method is used to select samples, with the criteria that companies are consistently listed on the IDX from 2020-2022 and meet the criteria for testing the variables carried out. The results showed that there was a tendency for tax avoidance practices through transfer prices carried out by companies that conduct investment in associates. So that the tax audit mechanism related to special relationships carried out by the DJP is considered appropriate and effective in anticipating and overcoming the form of unfair transfer pricing practices to avoid taxes on investment in associates because it has focused on detecting aspects of profitability, IP and also company leverage.

Keywords: tax avoidance, transfer pricing, investment in association, profitability, intangible property, leverage

References: 36 (1976-2023)