

**The Effect Of Tax, Tunneling Incentive, Bonus Mechanisms, And Firm Size On Transfer Pricing (Indonesian Evidence)**Afifah Nazihah<sup>a</sup>Azwardi<sup>b</sup>Luk Luk Fuadah<sup>c</sup>

<sup>a</sup> Coressponding Author, Faculty of economics, Sriwijaya University, Palembang, Indonesia, [afifahnaazi@yahoo.co.id](mailto:afifahnaazi@yahoo.co.id)

<sup>b</sup> Dr., Faculty of economics, Sriwijaya University, Palembang, Indonesia

<sup>c</sup> Ph.D., Faculty of economics, Sriwijaya University, Palembang, Indonesia

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**Abstract**

Transfer pricing is the transaction price in the form of tangible goods, intangible goods or the provision of services between parties that have a special relationship. Transfer pricing used by companies in order to avoid tax payments that can cause problems for the tax authorities in their efforts to maximize revenue from the tax sector. This study aims to analyze the effect of taxes, tunneling incentives, bonus mechanisms, and firm size on transfer pricing in manufacturing sector. This study selected 28 manufacturing companies that were selected by using purposive sampling technique from a population of 153 companies listed on Indonesia Stock Exchange of the period 2013-2017. The results of the panel data regression with random effect model shows that taxes, bonus mechanisms, and firm size have a significant positive effect on transfer pricing. However tunneling incentives do not affect transfer pricing.