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Tax Minimization as a Moderator of the Relationship between Bonus Mechanism and Leverage on Transfer Pricing Decisions

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ABSTRACT
The purpose of this study is to analyze the effect of bonus mechanism and leverage on transfer pricing decision. This study also investigated moderating effect of tax minimization of the relationship between bonus mechanism and leverage on transfer pricing decision. The population of this research is consumer goods sub-industry manufacturing companies listed on the Indonesia Stock Exchange (BEI) in 2017-2019 that consist of 22 companies. Using purposive sampling, this study has 14 companies as sample. To analyze the data, this study used Partial Least Square with SmartPls program. The research results show that the Bonus Mechanism and leverage variables do not have a significant effect on transfer pricing decisions. The tax minimization variable has a significant effect on transfer pricing decisions and is able to moderate the influence of the bonus mechanism on transfer pricing decisions. This type of moderation can be classified as predictor moderation.
Keywords: Tax Minimization, Bonus Mechanism, Leverage, Transfer Pricing

I. INTRODUCTION

The rapid growth of international economic activity has also stimulated the development of multinational companies. In multinational companies, various transactions occur between members (divisions), one of which is the sale of goods or services. Most of these business transactions usually occur between related companies or between companies that have a special relationship. Determining prices for various transactions between members (divisions) is known as transfer pricing (Mardiasmo, 2008). Globalization is driving world economic development to become increasingly rapid, this has a big influence on the patterns and attitudes of business people. With globalization, domestic and foreign investment activities can be carried out freely and widely, resulting in cross-border transactions. Multinational companies will be faced with problems regarding differences in tax rates that apply in each country, one of the main problems faced in relation to foreign investment is transfer pricing.

Transfer pricing carried out by multinational companies is driven by tax and non-tax reasons. The purpose of the tax is to circumvent the amount of profit so that tax payments and dividend distributions are low. There are non-tax reasons such as bonuses and leverage. As time goes by, transfer pricing practices are often carried out to minimize the amount of tax that must be paid (Mangoting, 2000). The increasingly large tax burden triggers companies to carry out transfer pricing in the hope of reducing this burden. Transfer pricing in sales of goods or services transactions is carried out by reducing the selling price between companies in the same group and transferring the profits earned to companies domiciled in countries that apply low tax rates. Therefore, transfer pricing has become a classic issue in the field of taxation, especially regarding international transactions carried out by multinational companies (Lingga, 2012).

Apart from tax reasons, transfer pricing practices can also be influenced by non-tax reasons such as bonus mechanisms and leverage. Companies in the United States and Europe whose ownership structures are more dispersed than companies in Asia mostly have concentrated ownership structures (Dynaty et al., 2011). In a concentrated ownership structure, controlling shareholders have a better position because controlling shareholders can monitor and have better access to information than non-controlling shareholders, giving rise to the potential for controlling shareholders to be deeply involved in company management. Controlling shareholders according to PSAK No. 15 is an entity that owns shares of 20% or more, either directly or indirectly, so that the entity is considered to have significant

influence in controlling the company. Non-controlling shareholders are entities that own shares of less than 20%, either directly or indirectly, so that the entity is deemed not to have significant influence in controlling the company. Controlling shareholders can be owned by an individual, the government, or a foreign party.

The decision to carry out transfer pricing is also influenced by the bonus mechanism. From previous research by Hartatiet al. (2014), bonuses are awards given by the General Meeting of Shareholders (GMS) to members of the Board of Directors if the company makes a profit. This bonus giving system will have an influence on management in engineering profits. Managers will tend to take actions that regulate net profit in order to maximize the bonuses they will receive. Including by carrying out transfer pricing. The bonus mechanism is additional compensation or rewards given to employees for successfully achieving the goals targeted by the company. The profit-based bonus mechanism is the method most often used by companies to reward directors or managers. So, based on the level of profit, directors or managers can manipulate these profits to maximize bonus receipts.

In carrying out their duties, directors tend to show good performance to company owners. Company owners not only give bonuses to directors who can generate profits for divisions or subunits, but to directors who are willing to work together for the good and profit of the company as a whole. This is supported by Horngren's opinion in Mutamimah (2008) which states that compensation (bonus) is seen from the performance of various divisions or teams in one organization. The greater the overall company profits generated, the better the image of the directors in the eyes of the company owner. Therefore, the directors are able to raise the expected profit by selling inventory between companies in the same group within a multinational company at below market prices. This will affect the company's revenue and increase profits for that year.

Apart from tax reasons and bonus mechanisms, leverage also influences transfer pricing. In previous research conducted by Richardson, Taylor, and Lanis (2013), the results of their research showed that leverage had an effect on transfer pricing. Leverage can be interpreted as a ratio used to measure the extent to which a company's assets are financed with debt, in other words the extent of the company's ability to pay all its obligations, both short and long term, if the company is dissolved (liquidated) (Kasmir, 2012). The greater the company's debt, the smaller the tax burden will be due to the increase in business cost elements and this reduction is very significant for companies that are subject to high taxes. Therefore, the higher the interest rate, the greater the profit the company will gain from using this debt. Managers of companies that have a large leverage ratio (debt/equity) will prefer to choose accounting procedures that can replace earnings reports for the coming period to the current period, one of which is transfer pricing.By choosing an accounting method that can move profit recognition for the future period to the current period, the company will have a small leverage ratio, thereby reducing the possibility of technical default. In the debt covenant hypothesis, the closer a company is to violating accounting based on a debt agreement, the greater the likelihood that company managers will choose accounting procedures that reflect changes in reported profits from the future period to the current period. The higher the credit limit, the greater the possibility of credit agreement deviations and costs being incurred. Managers will have accounting methods that can increase profits so that they can relax credit limits and reduce the costs of technical errors.

Based on the description above, this study wants to analyze tax minimization, bonus mechanisms, and leverage on transfer pricing decisions. The independent variable and dependent variable in this research are a combination of these three studies. This research uses tax minimization as a moderating variable, and two independent variables, namely, bonus mechanism and leverage, while the dependent variable used in this research is transfer pricing. The period of this research is from 2017 to 2019 with the aim of updating previous research.

II. LITERATURE REVIEWS

Transfer Pricing

Initially, transfer pricing was known in management accounting as a pricing policy applied to the delivery of goods or services between divisions within a company with the aim of measuring the performance of each division. As time goes by, multinational companies use transfer pricing as a way to avoid taxes (Nurhayati, 2013). Transfer pricing is defined as a special selling price used in inter-divisional exchanges to record the selling division's income and the buying division's costs (Mangoting, 2000).

Transfer pricing is sometimes used to evaluate division performance and motivate managers of selling divisions and buying divisions towards decisions that are in harmony with overall company goals (Mangoting, 2000). Within the

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scope of multinational companies, transfer pricing is used to minimize the taxes and duties they incur throughout the world.Accordingto OECD, basically, the main purpose of transfer pricing is to evaluate and measure company performance, but transfer pricing is often used by multinational companies to minimize the amount of tax paid through price engineering that is transferred between divisions (Saraswati&Sujana, 2017).

Tax Minimization

Tax minimization is a strategy to minimize the tax burden owed through cost transfer actions and ultimately transfer income to countries with low tax rates. Tax minimization in this research is proxied by the effective tax rate which is the ratio of the tax burden minus the different tax burden divided by taxable profit (Bernard et al., 2006).In Article 1 of Law No. 28/2007 concerning General Tax Provisions (KUP) it is explained that Tax is a mandatory contribution to the state that is owed by an individual or entity that is coercive based on the Law, with no direct compensation and is used for state needs for the greatest prosperity of the people. Taxes function as a source of state finances, carry out regulated functions and as a means of income redistribution. Taxes have an important role in state life, not only functioning as a source of state income but also having an income distribution function.

Personal income tax is one instrument to overcome the inequality of income distribution between people with high incomes and those with low incomes. Poverty, both relative and absolute, creates several obstacles to improving the welfare of the people of a country. Social inequality among the poorest members of society can lead to political and economic instability for the nation as a whole.So that the difficulties experienced by the poorest members of society are ultimately felt by the entire community. From the state's perspective, tax collection is a form of a country's sovereignty. Each country has the right to determine taxation policies towards residents of its country and non-residents in its country when income comes from that country. Differences in tax rates between countries give rise to choices of tax destination countries. In terms of the aim of saving taxes, multinational companies tend to shift income from countries with high tax rates to countries with lower tax.

Yuniasih et.al (2012) found that taxes and tunneling incentives have a positive effect on a company's decision to carry out transfer pricing.Kiswanto (2014) investigated the factors that influence the transfer pricing, and found that taxes and foreign ownership have a positive effect on transfer pricing decisions.

Bonus Mechanism

The bonus mechanism is additional compensation or rewards given to employees for successfully achieving the company's targeted goals. The profit-based bonus mechanism is the method most often used by companies to reward directors or managers. The bonus mechanism is a strategy or calculation motif in accounting whose aim is to reward directors or management by looking at overall profits. With an appropriate bonus policy, the owner hopes that management can improve company performance through efficient tax payments (Mispiyanti, 2015).Irpan (2010) states that the bonus mechanism can be interpreted as a process of providing rewards other than salary to company directors for the results of the work carried out. Work performance can be assessed and measured based on an assessment that has been determined by the company objectively.

Considering that bonuses are given based on the size of profits, it is logical that directors try to take action to regulate and manipulate profits in order to maximize the bonuses and remuneration they receive. So, it can be concluded that the bonus mechanism is a strategy or calculation motive in accounting whose aim is to maximize compensation received by directors or management by increasing overall company profits. However, as a result of transfer pricing practices, it is possible that losses will occur in one of the divisions or subunits. Referring to the opinion of Horngren (2008), which states that bonus compensation seen based on teams varies in various divisions within one organization. So directors' bonuses are not based on subunit profits but based on the goodness and profits of the company as a whole.Hartati et al. (2014) used tax and bonus mechanisms as independent variables and transfer pricing as the dependent variable using the logistic regression analysis method where the research results showed that taxes had a significantly negative effect on transfer pricing and the bonus mechanism had a significantly positive effect on transfer pricing.

Leverage

Leverage can be interpreted as a ratio used to measure the extent to which a company's assets are financed with debt, in other words the extent of the company's ability to pay all its obligations, both short and long term, if the company is dissolved (liquidated) (Kasmir, 2012). The greater the company's debt, the smaller the tax burden will be due to the increase in business cost elements and

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this reduction is very significant for companies that are subject to high taxes. Therefore, the higher the interest rate, the greater the profit the company will gain from using this debt. Managers of companies that have a large leverage ratio (debt/equity) will prefer to choose accounting procedures that can replace earnings reports for the coming period to the current period, one of which is transfer pricing. By choosing an accounting method that can move profit recognition for the future period to the current period, the company will have a small leverage ratio, thereby reducing the possibility of technical default.

In the debt covenant hypothesis, the closer a company is to violating accounting based on a debt agreement, the greater the likelihood that company managers will choose accounting procedures that reflect changes in reported profits from the future period to the current period. The higher the credit limit, the greater the possibility of credit agreement deviations and costs being incurred. Managers will have accounting methods that can increase profits so that they can relax credit limits and reduce the costs of technical errors.Leverage is used to measure how much of a company's assets are financed by debt, resulting in interest costs. Interest costs are a fixed expense which is an obligation to be borne by the company. The use of leverage is measured by the comparison between total assets and total debt. This measure requires that the company is able to fulfill all its obligations, both short-term and long-term obligations.

Research Conceptual Model

Figure 1 below is the conceptual model of this research.

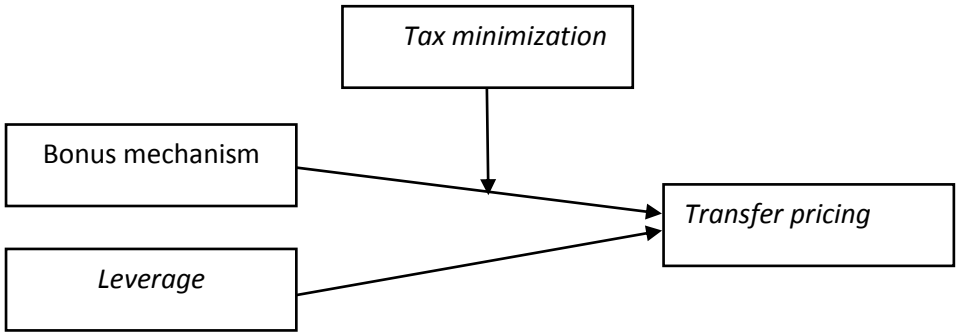

Figure 1
Research Conceptual Model

Hypotheses development

Purwanti (2010) states that bonuses are awards given by the GMS to members of the board of directors if the company makes a profit. This bonus giving system will have an influence on management in engineering profits. Managers will tend to take actions that regulate net profit to maximize the bonuses they receive, including by carrying out transfer pricing. According to Hartati (2015), the bonus mechanism influences transfer pricing decisions, the size of the bonus mechanism as seen from the profitability formula will influence transfer pricing decisions. Based on the description above, the hypothesis in this research is:

H1: The bonus mechanism influences transfer pricing

Leverage is a ratio used to measure the extent to which a company's assets are financed with debt, in other words the extent of the company's ability to pay all its obligations, both short and long term, if the company is dissolved (liquidated) (Kasmir, 2012). The greater the company's debt, the smaller the tax burden will be due to the increase in business cost elements and this reduction is very significant for companies that are subject to high taxes. Therefore, the higher the interest rate, the greater the profit the company will gain from using this debt. Managers of companies that have a large leverage ratio (debt/equity) will prefer to choose accounting procedures that can replace earnings reports for the coming period to the current period, one of which is transfer pricing. By choosing an accounting method that can move profit recognition for the future period to the current period, the company will have a small leverage ratio, thereby reducing the possibility of technical default. In previous research conducted by Richardson et al (2013), the results of their research showed that leverage had an effect on transfer pricing. Based on this description, the following hypothesis formulation can be proposed:

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H2: Leverage influence transfer pricing

Tax minimization is a strategy carried out by companies to minimize the company's tax burden. Rahayu's (2010) research found that the transfer pricing mode is carried out by engineering the transaction price charges between companies that have a special relationship, with the aim of minimizing the overall tax burden owed. Then Mangoting (2000) stated that transfer pricing practices are often used by many companies as a tool to minimize the amount of tax that must be paid. Similar research finds that the increasing tax burden triggers companies to carry out transfer pricing in the hope of reducing this burden (Yuniasih, 2012). The transfer pricing phenomenon itself is a form of tax avoidance. If tunneling occurs in a company, they will sacrifice the rights of minority shareholders by carrying out transfer pricing, this will be strengthened by the motivation of tax minimization. The motivation to minimize the tax burden will strengthen the relationship between tunneling incentives and transfer pricing. Then the existence of a bonus mechanism will influence the company's strategy. Managers will try to get bonuses by increasing company profits, one of which is by carrying out transfer pricing.On the other hand, the existence of a bonus mechanism is supported by a strategy to minimize the tax burden which increasingly encourages managers to carry out transfer pricing. The high debt or equity ratio of the company will allow managers to choose a strategy to increase company profits, one of which is using transfer pricing. The existence of debt in the company will be used by managers to reduce the company's tax burden through tax minimization by increasing interest costs so that company profits can increase. Based on the description above, the hypothesis of this research is as follows:

H3: Tax Minimization moderates the influence of the bonus mechanism on transfer pricing

H4: Tax Minimization moderates the effect of leverage on transfer pricing

Research Method

This research was conducted at consumer goods sub-industry manufacturing companies listed on the Indonesia Stock Exchange (BEI) in 2017-2019. The sample chosen was 22 manufacturing companies, which regularly published financial reports on the IDX and experienced profits during the research period, as well as carrying out transfer pricing.Of the 22 companies that met the criteria, namely manufacturing companies that did not experience delisting and these companies consistently included financial statements during the 2017-2019 research period, a sample of 14 manufacturing companies on the Indonesian Stock Exchange was obtained.

The variables used in this research include the dependent variable (Transfer pricing) which is denoted by the symbol Y, the independent variable (bonus mechanism, leverage) which is denoted by the symbol X. The moderating variable (tax minimization) which is denoted by Z.Transfer pricing is calculated using a proxy ratio of the value of receivables from related party transactions or parties that have a special relationship to total receivables (Kiswanto, 2014).

$$\text{Transfer pricing} = \frac{\text{receivables from related party transactions}}{\text{Total of receivables}}$$

Bonus mechanism is measured by:

$$\text{Bonus Mechanism} = \frac{\text{Net Profit t}}{\text{Net Profit t}-1} \text{X } 100\%$$

Tax minimization is proxied by the Effective Tax Rate (ETR) (Pramana, 2014):

$$\text{ETR} = \frac{\text{tax expenses}}{\text{net income after tax}}$$

Data analysis in this research will use SmartPLS 3.2 software.In the PLS (Partial Least Square) method, the analysis techniques are outer and inner model analysis. There are several indicators for outer model. Those indicators are convergent validity, discriminant validity, composite reliability, and Cronbach's Alpha. Inner model analysis is usually also called (inner relations, structural model and substantive theory) which describes the relationship between latent variables based on substantive theory.Evaluating the inner model with PLS (Partial Least Square) starts by looking at the R-square for each dependent latent variable.Apart from looking at the R-square value, the PLS (Partial Least Square) model is also evaluated by looking at the Q-square value for predictive relevance for the constructive model. Q-square measures how well the observed values are generated by the model and its parameter estimates. Q-square value is greater than 0 (zero)indicates that the model has a predictive relevance value, whereas if the Q-square value is less than 0 (zero), it indicates that the model lacks predictive relevance.In hypothesis testing, it can be seen from the t-statistic value and probability value. To test the hypothesis, namely by using statistical values, for alpha 5% the t-statistic value used is 1.96. So the criteria for accepting/rejecting the hypothesis are that Ha is accepted and H0 is rejected when the t-statistic is > 1.96. To reject/accept a hypothesis using probability, Ha is accepted if the p value <0.05.

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III. RESULTS AND DISCUSSIONS

Outer Model Evaluation

Figure 1 below is the result of the first order confirmatory factor analysis stage to produce convergent validity as the first step in assessing the validity of the indicators forming the latent construct:

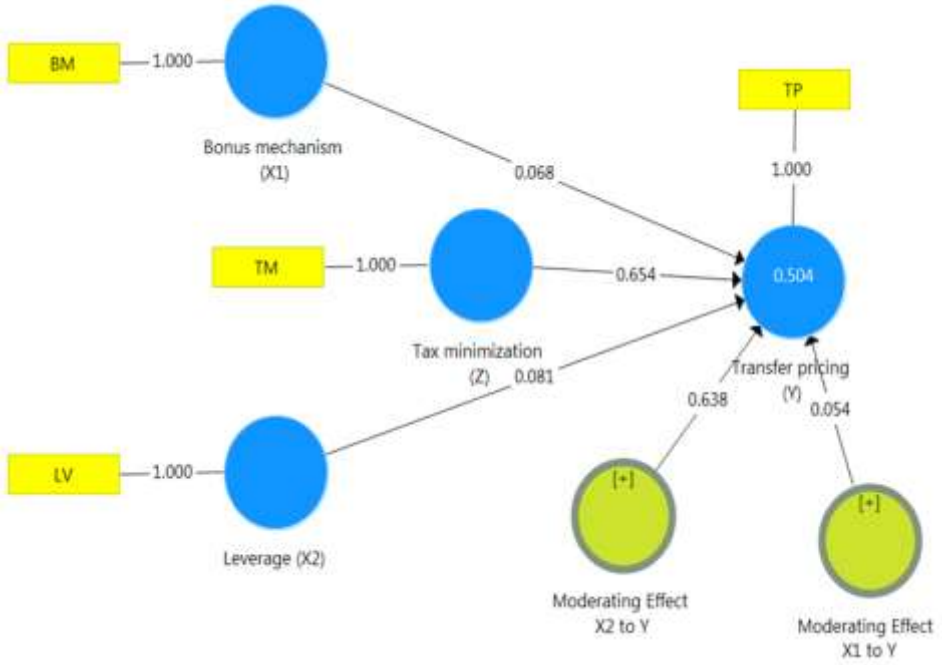

Figure 1

PLS Algorithm Recalculation Results

Based on the results of the PLS algorithm recalculation above, it can be seen that all indicators are significant and said to be good because they have a loading factor value greater than 0.7, namely 1,000.

To assess the level of collinearity that occurs between formative indicators of latent variables, a statistical collinearity test is carried out. The table 1 following is the results of the collinearity statistics test in this study:

Table 1
Collinearity Statistics (VIF)

Collinearity Statistics (VIF)

Outer VIF Values | Inner VIF Values

	VIF
BM	1.000
Bonus mechan...	1.000
LV	1.000
Leverage (X2) *...	1.000
TM	1.000
TP	1.000

The VIF value above, each indicator measuring the latent variable has a value of 1,000. The VIF value is lower than the value 5, which is the standard recommended in Hair et al (2013). The results of this collinearity statistics test prove that there is no multicollinearity problem between formative indicators.

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To see the contribution of each indicator to the construct, an outer weight test is carried out. Table 2 below is the results of the outer weight test in this study:

Table 2
Outer Weights

Outer Weights

Mean, STDEV, T-Values... | Confidence Intervals | Confidence Intervals B... | Samples | Copy to Clipboard: | Excel Format | R Format

	Original Sampl...	Sample Mean (...	Standard Devia...	T Statistics (|O...	P Values
BM <- Bonus ...	1.000	1.000	0.000		
Bonus mechan...	1.000	1.000	0.000		
LV <- Leverage...	1.000	1.000	0.000		
Leverage (X2) *...	1.000	1.000	0.000		
TM <- Tax min...	1.000	1.000	0.000		
TP <- Transfer ...	1.000	1.000	0.000		

Table 2 above shows the t-statistical value and p value does not indicate the number of each indicator for the construct because each construct only has one indicator. An insignificant outer weight value does not mean that the quality of the outer model is weak. However, something that needs to be considered regarding the formative indicators of a construct is the outer loading value. If the outer weight value is not significant but the resulting outer loading value is high (above 0.50), then this indicator can be maintained (Hair et al., 2013).

Inner Model Evaluation

The R-square or R^2 test is used to see the ability of exogenous variables to explain endogenous variables. The following are the test results of the R-square Test (R^2):

Table 3
R-Square (R^2)

	R-Square
Transfer Pricing	0,504

The R-square of the stock price variable is 0.504 or 50.4%. This can show that the diversity of Transfer Pricing variables can be explained by the variables tax minimization, bonus mechanism, leverage, and the interaction of the bonus mechanism with tax minimization and the interaction of leverage with tax minimization, amounting to 50.4%, or in other words the contribution of the tax minimization variable, bonus mechanism, leverage, and the interaction of bonus mechanism with tax minimization and the interaction of leverage with tax minimization amounted to 50.4%, while the remaining 49.6% was the contribution of other variables not discussed in this research.

Next is hypothesis testing which is used to test whether there is an influence of exogenous variables on endogenous variables. The test criteria state that if the T-statistics value has a significance level of less than 0.05 then it is stated that there is a positive/negative and significant influence of the exogenous variable on the endogenous variable. The results of significance testing can be seen through the following table.

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Table 4

Path Coefficient

	Original Sampl...	Sample Mean (...	Standard Devia...	T Statistics (|O...	P Values
Bonus mechanism (X1) -> Transfer pricing (Y)	0.068	0.078	0.126	0.540	0.589
Leverage (X2) -> Transfer pricing (Y)	0.081	0.084	0.139	0.583	0.560
Moderating Effect X1 to Y -> Transfer pricing (Y)	0.054	0.050	0.199	0.270	0.788
Moderating Effect X2 to Y -> Transfer pricing (Y)	0.638	0.676	0.291	2.191	0.029
Tax minimization (Z) -> Transfer pricing (Y)	0.654	0.705	0.221	2.953	0.003

Results of testing the effect of Bonus Mechanism (X1) on Transfer Pricing (Y) show that the original sample value is 0.068 with a significance of 0.589 which is greater than 0.05, the t-statistic value of 0.540 is smaller (<) than the t-table value of 1.986. This can be explained that the Bonus Mechanism has no significant effect on Transfer Pricing. Based on these results, it can be concluded that the first hypothesis is rejected.The results of testing the effect of Leverage (X2) on Transfer Pricing (Y) have an original sample value of 0.081 with a significance of 0.560 which is greater than 0.05, a t-statistical value of 0.583, smaller (<) than the t-table value of 1.986. This can be explained that Leverage has no significant effect on Transfer Pricing. Based on these results, it can be concluded that the second hypothesis is rejected.The results of testing the effect of Tax Minimization (Z) on Transfer Pricing (Y) show the original sample value of 0.654 with a significance of 0.003 which is smaller (<) than 0.05, the t-statistic value is 2.953, greater (>) than the t-table value amounting to 1,986. This can be explained by the fact that Tax Minimization has a significant positive effect on Transfer Pricing. Based on these results, it can be concluded that the third hypothesis is accepted.

The interaction effect of the Bonus Mechanism with Tax Minimization on Transfer Pricing produces an original sample coefficient of 0.054 with a t-statistics value of 0.270 which is less than (<) 1.986 with a significance level of 0.788 which is greater (>) than 0.05. This shows that the interaction of the Bonus Mechanism with Tax Minimization does not have a significant effect on Transfer Pricing. In this way, Tax Minimization is able to moderate the relationship between the Bonus Mechanism and the value of the Transfer Pricing.The interaction effect of Leverage with Tax Minimization on Transfer Pricing produces an original sample of 0.654 with a t statistics value of 2.953 greater (>) 1.986 with a significance level of 0.003 smaller (<) than 0.05. This shows that there is an interaction between Leverage and Tax Minimization which has a significant effect on Transfer Pricing. In this way, Tax Minimization is able to moderate the relationship between the Bonus Mechanism and the value of the Transfer Pricing.

DISCUSSIONS

From the research results, statistical testing shows that the Bonus Mechanism has no significant effect on Tax Minimization of Manufacturing Companies Registered on the IDX for the period of 2017-2019. This is probably because if you want to get a high bonus and the directors dare to carry out transfer pricing transactions to provide a temporary increase in profits for the company then this is very inappropriate. Considering that there is a much greater interest, namely maintaining the value of the company in the eyes of the public and the government presenting financial reports that are in accordance with reality and can be used for more important decision making purposes for the company in the future. Apart from that, the sample company used is a multinational company that is monitored by the public and the government. It is feared that if the engineering is discovered it could have a negative impact on the company's value in the eyes of the public and the government.

From the research results, statistical testing shows that Leverage does not have a significant effect on Transfer Pricing in manufacturing companies listed on the Indonesia

Stock Exchange (BEI) for the 2017-2019 period. This can be explained that high debt will cause the company to face the risk of being unable to fulfill its debt payment obligations. It is possible that an increase in interest costs is followed by an increase in tax costs, where the company uses the debt obtained for investment purposes so as to generate income outside the company's business and make the profits earned by the company increase and influence the increase in the tax burden borne by the company.

From the results of statistical testing research, it shows that tax minimization has a significant effect on transfer pricing. From these statistical findings it can be stated that Tax minimization has a significant positive effect on transfer pricing. This can be explained by the fact that the large tax rate tends to make management take transfer pricing action. This is done in the hope of reducing the taxes that will be paid. In business practice, companies generally identify tax payments as a burden, so companies will tend to minimize expenses in order to optimize profits. This shows that the greater the amount of tax burden that companies have to pay to the state, the more profit-oriented manufacturing companies are triggered to use various methods to minimize the amount of tax that must be paid, one of which is implementing transfer pricing. So the lower the tax paid by the company, it indicates that the company is higher in carrying out or implementing transfer pricing (Fauziah&Saebani, 2018). Conversely, the greater the company's tax costs, the less likely it is that transfer pricing actions will be taken.

The research results show that the relationship between Tax Minimization (Z) and Transfer Pricing (Y) has a t count of 2.953 > 1.986 and a p value of 0.003 < 0.05, so it can be said that the relationship that occurs is significant. Meanwhile, the interaction between Bonus Mechanism and Tax Minimization on Transfer Pricing has a calculated t value of 0.270, less (<) 1.986 with a significance level of 0.788, greater (>) than 0.05. It can be said that the relationship that occurs is not significant. According to the type of moderation, it can be classified as predictor moderation (predictor moderationi). The results of this research are in accordance with Purwanti's research in Saraswati and Sujana (2017), the bonus mechanism is appreciation given by company ownership to managers if the company's profit targets are met. The bonus that management will get depends on how large the percentage of profit generated is. Based on the results of hypothesis testing in this research, tax minimization cannot moderate the influence of the bonus mechanism on transfer pricing. It is hoped that an appropriate bonus policy will be able to improve company performance through efficient tax payments. However, efforts to minimize paid taxes are not always carried out using a bonus mechanism. Moreover, the bonuses obtained will always be in line with the profits obtained.

The research results show that the relationship between Tax Minimization (Z) and Transfer Pricing (Y) has a t count of 2.953 > 1.986 and a p value of 0.003 < 0.05, so it can be said that the relationship that occurs is significant. Meanwhile, the interaction between Leverage (X2) and Tax Minimization (Z) on Transfer Pricing (Y) has a calculated t value of 2.191 which is greater (>) 1.986 with a significance level of 0.029 which is smaller (<) than 0.05. It can be said that the relationship that occurs is significant. According to the type of moderation, it can be classified as quasi moderation. Leverage is a company's ability to fulfill its long-term obligations. Leverage can be calculated by the ratio of total debt to total assets. The use of company financing sources, both short-term financing sources and long-term financing sources, will cause an effect which is usually called leverage (Hanafi and Halim, 2012). Multinational companies typically finance group members with debt and/or capital transfers. It is possible that leverage may act as a substitute for transfer pricing in achieving a reduction in the tax liabilities of multinational companies. The higher the company's level of leverage, the higher the company's potential for transfer pricing. According to Nuradila&Wibowo, (2018), soaring debt terms can cause leaders to use strategies to increase company profits by using transfer pricing. The emergence of company debt is used by managers to reduce company tax costs by means of tax minimization, namely increasing the interest budget so that company profits can increase

IV. CONCLUSIONS

The research results show that the Bonus Mechanism and leverage variables do not have a significant effect on transfer pricing decisions in manufacturing companies that go public on the Indonesia Stock Exchange (BEI) for the period of 2017-2019.The tax minimization variable has a significant effect on transfer pricing decisions and is able to moderate the influence of the bonus mechanism on transfer pricing decisions in manufacturing companies that go public on the Indonesia Stock Exchange (BEI) for the 2017-2019. This type of moderation can be classified as predictor moderation.

The research results also show that the tax minimization variable can moderate the influence of leverage on transfer pricing decisions in manufacturing companies that go public on the Indonesia Stock Exchange (BEI) for the 2017-2019. This type of moderation can be classified as quasi moderation.

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