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The Effect of Profitability and Company Size on Transfer Pricing with Tax Minimization as a Moderating Variable

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Abstract

This study aims to examine the effect of profitability and company size on transfer pricing, with tax minimization as a moderating variable, in mining industry companies listed on the Indonesia Stock Exchange (IDX). Using secondary data from annual reports of mining companies from 2021 to 2023, this research adopts a purposive sampling method to select relevant samples. The study employs descriptive statistical analysis and Partial Least Squares (PLS) for hypothesis testing. The findings reveal that profitability has a positive and significant effect on transfer pricing, indicating that more profitable companies are more likely to engage in transfer pricing practices. Similarly, company size also exerts a positive and significant influence on transfer pricing, suggesting that larger firms tend to use transfer pricing mechanisms more actively. Furthermore, tax minimization strengthens the positive relationship between profitability and transfer pricing, implying that companies with higher profitability and a focus on tax efficiency are more inclined to leverage transfer pricing strategies. Likewise, tax minimization moderates the relationship between company size and transfer pricing, reinforcing that larger firms with tax minimization objectives are more likely to engage in transfer pricing practices. These findings contribute to the understanding of corporate tax strategies and provide insights for regulators in monitoring transfer pricing activities within the mining sector.

1. Introduction

The capital market is part of the economic system that helps economic and business growth which is one of the characteristics of a modern economy. The rapid development of the capital market industry economy is a sign that the economy of developed countries is moving forward. The Indonesian capital market is the Indonesia Stock Exchange (IDX). Law Number 8 of 1995 concerning the Capital Market provides the legal basis for the Indonesian capital market and how it operates. According to Law Number 8 of 1995 concerning the Capital Market, the party that will organize and provide a system and/or means to bring together supply and demand for trading securities is referred to as the Stock Exchange.

Transfer pricing is generally regulated in Article 18 of Law Number 36 of 2008 concerning Income Tax (UU PPh). Article 18 paragraph (3) states that the Directorate General of Taxes (DGT) has the authority to re-determine the amount of Taxable Income for Taxpayers who have a special relationship (arm's length principle) with other Taxpayers in accordance with the fairness and customary business practices that are not influenced by special relationships by using the price comparison method between independent parties, the resale price method, the cost-plus method, or other methods (Law No. 36 of 2008 concerning Income Tax).

Regulations on transfer pricing in Indonesia are regulated in Article 18 of Law Number 36 of 2008 concerning Income Tax (UU PPh). According to Law Number 36 of 2008 Article 18 paragraph (4) a special relationship can occur between Corporate Taxpayers if a body owns up to 25% (twenty five percent) or more of the share capital of another company. Based on the annual report of the General Tax Agency, according to Number 72 of 2022, the realization of revenue from the tax sector in 2021 reached IDR 1,547.8 trillion (107.15%) of the target in the 2021 State Budget Law (www.kemenkeu.go.id).

In 2022, the Corruption Eradication Commission (KPK) recorded a shortfall in tax payments in the mining sector in forestry reaching IDR 15.9 trillion per year. The transfer pricing phenomenon in Indonesia in the mining sector is found in PT. Adaro Energy Tbk, according to a report from Global Witnesss in 2022 PT. Adaro Energy Tbk. was proven to have carried out tax avoidance through a transfer pricing scheme through its subsidiary Coaltrade Service International. The tax avoidance scheme from PT. Adaro Energy Tbk. By selling coal mined in Indonesia at a low price to Coaltrade. In addition, Coaltrade recorded bonuses given by third parties and other PT. Adaro subsidiaries of 55 million US dollars in Singapore. Singapore has a lower tax rate of 17% than Indonesia, therefore PT. Adaro Energy Tbk. ordered Coaltrade Service International to record its profits in Singapore, Pondrinal and Sari, YP (2023).

Transfer pricing practices in mining companies are internal price arrangements related to property and service transactions between related entities in the company. For example, a company can set a lower selling price for property for its subsidiary in a country with a low tax rate to transfer profits and reduce the tax burden (Hasibuan and Purba, RC 2022). Likewise, the purchase price of services or materials from subsidiaries can be set lower to optimize profit allocation.

Profitability describes a company's ability to manage assets to generate a profit. Profitability shows a company's ability to generate profit over a certain period of time. In general, the profitability value of a company can be used as an indicator to measure a company's performance. The higher the profitability of a company, the company's performance and ability to generate profits also increase. The lower the profitability of a company, the more likely the company will practice transfer pricing, (Marsuni, N. S., & Insirat, M. N., 2023).

Another factor that influences companies to make decisions using transfer pricing policies is also influenced by company size. Company size is a reference scale or benchmark that can classify the size of a company based on total assets (Pandia & Gultom, 2022). The larger a company is, the more it will encourage directors to manage the company better by controlling profits, so one way is to use transfer pricing practices. Relatively larger companies will tend to show satisfactory performance as reflected in high profits with transfer pricing, while relatively smaller companies tend to implement transfer pricing to reduce the tax burden that must be paid, so that the profits obtained are greater and can be used as operations or financing to develop their company. Animah, (2021).

Previous research has found that Adelia and Santioso, L. (2023) obtained the results of Profitability having a positive and significant effect on transfer pricing. A company that is very profitable and has succeeded in posting an increase in profits will indicate that the company is functioning well, thus causing a positive reaction from shareholders and increasing the company's stock price and company size has a positive and significant effect on transfer pricing.

This study is a novelty from the research of Ramadani and Arifin, A. (2024) with the research title "The Effect of Tax Burden, Intangible Assets, Profitability on Transfer Pricing Indications with Tax Minimization as a Moderating Variable (Case Study of Property and Real Estate Companies Listed on the Indonesia Stock Exchange in 2018-2022). Overall, the main difference between these two studies lies in the variables studied in understanding transfer pricing with tax minimization as a moderating variable. The mining industry study offers a broader scope and a more in-depth approach by adding new variables and focusing on a specific time period. This provides a more comprehensive contribution to understanding the dynamics of transfer pricing in the mining industry compared to the property and real estate sectors, all of which provide novelty and expand the scope of the literature on this topic.

Based on the background of the problems above, this researcher is expected to provide good contributions in the literature regarding the factors that influence transfer pricing. "The Effect of Profitability and Company Size on

Transfer Pricing with Tax Minimization as a Moderating Variable" .

2. Literature Review

2.1 Agency Theory

In the modern economy, corporate governance and management are often separated from the ownership of the company. Corporate governance is based on the agency theory put forward by Jensen & Meckling (1976) in Surianto and Indrijawati, A. (2023) which serves as a means to reconcile differences in interests between management, shareholders and other stakeholders.

2.2 Audit Fee

The determination of the fee for auditors must reflect the appropriate fee for their members and staff, taking into account their respective qualifications and experience. Determination of fees that are in accordance with the dignity of the public accounting profession and in an amount that is appropriate to be given in accordance with the demands of applicable public accounting professional standards (Rizky, 2021).

2.3 Transfer Pricing

According to the Organization for Economic Co-operation and Development (OECD, 2013), transfer pricing is defined as the determination of prices in transactions between members of a multinational corporate group that can deviate from fair market value as long as it is suitable for the group (Aini and Rini, YT (2023). According to Gunadi, a UI tax observer, transfer pricing is a systematic price manipulation engineering with the intention of reducing artificial profits that make it seem as if the company is making a loss, avoiding taxes or duties in a country (Ramadani and Arifin, A. 2024)

2.4 Profitability

Sundjaja in Teresya, (2022) profitability is the company's ability to generate profits, seen from the relationship between income and costs resulting from the use of company assets, both fixed assets and current assets in productive activities. Company profits can be increased by increasing income and reducing costs. The profits obtained by the company will increase and develop the business. The company can obtain greater profits if the company can expand the market share for its products. Meanwhile, according to Bambang Riyanto in Anjani, (2024), explains that profitability is the ability of a company to generate profits during a certain period.

2.5 Company Size

Company size describes the size of the company which can be shown by total assets, so company size is the total assets owned by the company in general (Barus and Wailan'An, EJ 2022). The company's total assets describe the wealth owned by the company to support its operational activities, sales value describes the turnover of money that the company can generate, and market expansion can provide an overview of how well the company is known by the public Setyorini and Nurhayati, I. (2022) .

2.6 Tax Minimization

Tax management is generally defined as an effort made by Taxpayers to organize tax affairs in order to achieve efficiency and effectiveness in order to provide contributions to the company or Taxpayers without violating applicable tax regulations. The ultimate goal to be achieved from tax management is the optimization and/or minimization of the tax burden which can be achieved not only by carrying out planning, but also must go through the stages of organizing, implementing (actuating) and supervising (controlling) that are good and controlled . (Marsuni, N. S., & Insirat, M. N, 2022)

3. Research Methods

3.1 Research Design

The research method applied in this study is research with a quantitative approach. Quantitative research can be defined as structured research with the aim of measuring and quantifying data so that it can be generalized (Kurnawan and Puspitaningtyas, 2016).

3.2 Population and Sample

The population in this study is all mining companies listed on the Indonesia Stock Exchange. All mining companies listed on the Indonesia Stock Exchange until 2023 amount to 49 .

The use of this method aims to ensure that the companies that are the subjects of the study truly represent the conditions to be studied. Purposive sampling is the selection of samples based on an assessment of several characteristics of sample members that are adjusted to the researcher's intentions. Samples are selected based on certain criteria so that they can support this study. The samples in this study are shown in the table below :

Table 1. Research Sample

No.	Kode Saham	Nama Perusahaan
Batu Bara		
1.	ADRO	PT. Adaro Energy Tbk
2.	PTBA	PT. Bukti Asam Tbk
3.	MBAP	PT. Mitrabara Adiperdana Tbk
Diversified Metals & Minerals		
4.	ICNO	PT. Vale Indonesia Tbk
5.	TINS	PT. Timah Tbk
6.	ANTM	PT. Aneka Tambang Tbk
7.	IFSH	PT. Ifishdeco Tbk
Oil & Gas Production & Refinery		
8.	MEDC	PT. Medco Energi Internasional Tbk
9.	ENRG	PT. Energi Megah Persada
Gold		
10.	PSAB	PT. RESOURCES ASIA Pasifik Tbk

Source: Processed data, 2024

3.3 Data Types and Sources

The type of data used is quantitative data. The data used in this study is secondary data. Secondary data is data obtained or collected by people conducting research from existing sources. The secondary data needed in this study is the Annual Report data of mining sector companies for 2021–2023 from the website www.idx.co.id.

3.4 Data collection technique

This study uses data collection techniques and literature studies. The documentation method is a way of collecting data by studying documents and making records or archives that are in accordance with the research problem. The method used is to collect all secondary data from the official website www.idx.co.id and the company website .

3.5 Data Analysis Techniques

study analyzes the data using the partial least squares (PLS) method. PLS is a structural equation model (SEM) based on components or variables. According to (Ghozali, 2016) PLS is an alternative method that has been changed from a covariance-based SEM method to a variance-based method. SEM based on covariance usually tests causality or theory, while PLS is more like a predictive model. PLS is a powerful analysis method (Ghozali, 2016) because there are not many assumptions that underlie it. For example, the data must be normally distributed, and the sample does not need to be large. In addition to being used to confirm the theory, PLS can also be used to explain whether there is a relationship between latent variables.

Ghozali, (2016) The purpose of PLS is to help researchers make predictions. The format model defines latent variables as a set of linear indicators. Based on how to determine the internal model (a structural model that connects latent variables) and the external model (a measurement model, namely the relationship between indicators and their constructions), an estimate of the weights used to create the latent variable score components is obtained. The result is the remaining dependent variable.

Parameter estimates obtained through PLS can be divided into three categories. The first is the weight estimate used to score the latent variable. Second, it reflects the path estimate connecting the latent variable and its indicators (loads). Third, it involves the mean and location parameters (regression constant values) of the indicators and latent variables. To obtain these three estimates, PLS uses a 3-level iterative process, each stage producing estimates. The first stage produces weight estimates, the second stage produces internal and external model estimates, and the third

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stage produces mean and position estimates (Ghozali, 2016).

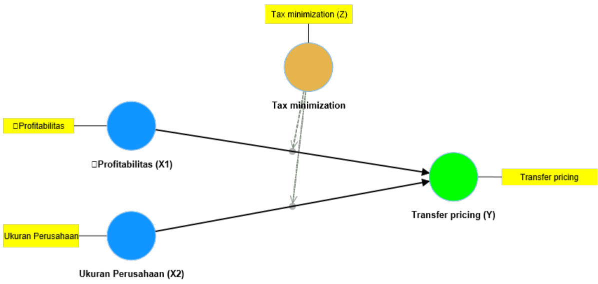
4. Results and Discussion

4.1 Research Results

a. First Order Confirmatory Factor Analysis

First order construct where the testing will go through one level, the analysis is carried out from the latent construct to its indicators. More clearly the research path diagram drawn with Smart PLS 3 software can be displayed in the following image:

Figure 1 . First Order Confirmatory Factor Analysis



From Figure 1 it can be seen that the first order construct Profitability is measured by the indicator X1. The first order construct Company Size is measured by the indicator X2. The first order construct is Tax minimization measured by the indicator Y and the first order construct Transfer pricing is measured by the indicator Z.

b. Outer Model Test

1) Outer Weights

Table 2. Outer Weights Test of Variables

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)
Tax minimization (Z) <- Tax minimization	1,000	1,000	0,000
Transfer pricing <- Transfer pricing (Y)	1,000	1,000	0,000
Company Size <- Company Size (X2)	1,000	1,000	0,000
Profitability <-Profitability (X1)	1,000	1,000	0,000

Source: PLS Output, 202 4

Based on the table shows the results of the estimation of the outer weights test calculation using Partial Least Square (PLS) for the Profitability and Company Size variable indicators, the moderating variable is Tax minimization. The table shows that which is a formative indicator, has a P value> 0.05 and an original sample value of 1 which means that all construct indicators are valid as a measurement ratio of the Profitability and Company Size variables, the moderating variable is Tax minimization .

2) Multicollinearity Test Results

Table 3. Multicollinearity Test

	VIF
Tax minimization (Z)	1,000
Transfer pricing	1,000
Company Size	1,000
Profitability	1,000
Tax minimization x Profitability (X1)	1,000
Tax minimization x Company Size (X2)	1,000

Source: PLS Output, 202 4

Based on the table above, it shows that the independent variables include Profitability and Company Size, the moderating variable is Tax minimization, the dependent variable is Transfer pricing has a VIF value of less than 10. This means that in the Structural Equation Modeling (SEM) equation model there are no symptoms of multicollinearity so that the data can be used in this study .

c. Inner Model

1) Test of Determination Coefficient (R Square)

Table 4. R-square of Variable Constructs

	R Square	Adjusted R Square
Transfer pricing (Y)	0.585	0.498

Source: PLS Output, 202 4

From the table above, it can be seen that the R-Square value for the stock price variable is 0.585, which means that it is included in the strong category. The R-square value of Transfer pricing shows that the Transfer pricing variable can be explained by Profitability and Company Size with Tax minimization as a moderator variable of 49.8% while the remaining 50.2% can be explained by other variables not included in this study.

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2) Hypothesis Test Results

The hypothesis testing is carried out by testing the structural model (inner model) by looking at the path coefficients that show the parameter coefficients and the significance value of the t statistic. The significance of the estimated parameters can provide information about the relationship between the research variables. The limit for rejecting and accepting the hypothesis proposed above is sig P Values <0.05. The table below presents the estimated output for testing the structural model

a. Direct Effect Testing

Table 5. Hypothesis Testing Based on Path Coefficient

	Sampel asli (O)	Rata-rata sampel (M)	Standar deviasi (STDEV)	T statistik (|O/STDEV|)	Nilai P (P values)
Ukuran Perusahaan (X2) -> Transfer pricing (Y)	0,420	0,435	0,213	1,970	0,049
Profitabilitas (X1) -> Transfer pricing (Y)	0,371	0,364	0,171	2,177	0,030
Tax minimization x Ukuran Perusahaan (X2) -> Transfer pricing (Y)	0,244	0,248	0,120	2,037	0,042
Tax minimization x Profitabilitas (X1) -> Transfer pricing (Y)	0,314	0,305	0,129	2,440	0,015

Source: PLS Output, 202 4

Based on the inner weight value consisting of Profitability and Independent Company Size, its partial influence on Transfer Pricing can be known, moderated by Tax minimization.

a) First Hypothesis Testing (H1)
The first hypothesis states that there is a positive and significant influence between Profitability measured by the Return on Assets (ROA) ratio on Transfer pricing. Table 14 shows that the Profitability variable has a significant level of 0.030, which is smaller than 0.05. The parameter coefficient value of 2.177 indicates that the influence given is positive on the dependent variable. This means that the first hypothesis (H1) is accepted.

b) Testing the Second Hypothesis (H2)
The second hypothesis states that there is a positive and significant influence between Company Size and Transfer Pricing. Table 14 shows that the Company Size variable has a significant level of 0.049, which is smaller than 0.05. The parameter coefficient value of 1.970 indicates that the influence given is positive on the dependent variable. This means that the second hypothesis (H2) is accepted.

c) Third Hypothesis Testing (H3)
The third hypothesis states that there is a positive and significant relationship between Profitability and Transfer pricing moderated by Tax minimization. Table 16 shows that the Profitability variable has a significant level of 0.042, which is smaller than 0.05. The parameter coefficient value is 2.037 and is positive. This means that the value of the Y variable will increase by 2.037 if the value of the X1 variable moderated by the Tax minimization variable increases by one unit and the other independent variables remain constant. The positive coefficient indicates a unidirectional relationship between the Profitability variable (X1) and the Transfer pricing variable (Y) moderated by the Tax minimization variable (Z). The higher the Profitability moderated by Tax minimization, the higher the Transfer pricing will be. This means that H3 is accepted so that it can be said that Profitability has a positive and significant effect on Transfer pricing moderated by Tax minimization.

d) Testing the Fourth Hypothesis (H4)
The fourth hypothesis states that there is a positive and significant relationship between Company Size and Transfer pricing moderated by Tax minimization. Table 16 shows that the Company Size variable has a significance level of 0.015, which is smaller than 0.05. The parameter coefficient value is 2.440 and is positive. This means that the value of the Y variable will increase by 2.440 if the value of the X1 variable moderated by the Tax minimization variable increases by one unit and the other independent variables remain constant. The positive coefficient

indicates a unidirectional relationship between the Company Size variable (X2) and the Transfer pricing variable (Y) moderated by the Tax minimization variable (Z). The higher the Company Size moderated by Tax minimization, the higher the Transfer pricing will be. This means that H4 is accepted so that it can be said that Company Size has a positive and significant effect on Transfer pricing moderated by Tax minimization .

4.2 Research Discussion

a. The Influence of Profitability on Transfer Pricing

The results of the hypothesis test show that the proposed hypothesis 1 is accepted. The results of the hypothesis test state that Profitability has a positive and significant effect on Transfer Pricing. Businesses with high profitability are considered capable of implementing transfer pricing because they have abundant resources. It is proven that if the company's profit increases, which is indicated by the increasing Profitability, then the company tends to reduce the amount of its income tax burden. This is done by implementing the transfer pricing value, so that the resulting margin is also low, so that it can reduce the amount of tax burden that must be paid. This condition can occur due to the still loose regulations on the determination of transfer prices for affiliated companies. In this study, profitability is measured using the Return on Assets (ROA) ratio, ROA reflects the company's effectiveness in generating profits from the assets it owns, and the higher the ROA value, the more likely the company is to carry out a transfer pricing strategy for tax optimization.

This study is related to agency theory which explains the relationship between the principal as the owner and the manager as the agent (Jensen & Mecling, 1976). In the context of agency theory, management uses transfer pricing as a tool to achieve certain goals that may not be in line with the interests of shareholders. For example, companies with high profitability are more likely to carry out transfer pricing to reduce tax burdens and increase net income after tax.

In a study conducted by Lestari and Syofyan, E. (2023), the results showed that profitability has a positive and significant effect on transfer pricing. This result is in line with the research of Adelia and Santioso, L. (2023) which found that profitability has a positive and significant effect on transfer pricing. A company that is very profitable and has succeeded in posting an increase in profits will show that the company is functioning well, thus causing a positive reaction from shareholders and increasing the company's stock price.

b. The Effect of Company Size on Transfer Pricing

The results of the hypothesis test show that the proposed hypothesis 2 is accepted. The results of the hypothesis test state that Company Size has a positive and significant effect on Transfer Pricing. Companies that have large total assets indicate that the company has reached a stage of maturity where at this stage the company's cash flow is positive and is considered to have good prospects in a relatively longer period of time. Large companies that have large profits will be involved in transactions to avoid taxes. Large companies have high tax payment problems, therefore some companies do various ways to make tax payments low, which can be done by transfer pricing.

This study is related to agency theory which explains the relationship between the principal as the owner and the manager as the agent (Jensen & Mecling, 1976). Large companies have more complex operational structures, with many subsidiaries in various jurisdictions. This provides more opportunities for transfer pricing. This is in accordance with the predictions of agency theory which states that the management of large companies has more incentives and abilities to use transfer pricing for the benefit of the company and themselves.

In a study conducted by Setyorini and Nurhayati, I. (2022), it was found that company size has a positive and significant effect on transfer pricing. This result is in line with the research of Adelia and Santioso, L. (2023) which found that company size has a positive and significant effect on transfer pricing. Indicating that larger companies are more likely to use transfer pricing as a tax management strategy. This finding is consistent with agency theory, where the management of large companies has more incentives and abilities to implement transfer pricing for the benefit of the company and their personal interests.

c. Tax Minimization Can Strengthen the Influence of Profitability on Transfer Pricing

The results of the hypothesis test show that the Tax Minimization variable strengthens Profitability and has a positive and significant effect on Transfer Pricing. Companies that are more profitable and seek to minimize taxes are more active in using transfer pricing to manage their tax burdens, because their main goal is to legally reduce the tax burden by taking advantage of differences in tax rates between jurisdictions. When companies seek to minimize taxes, they will be more active in using transfer pricing. Therefore, if a company has high profitability, the desire to minimize taxes through transfer pricing becomes stronger and more significant.

The mining industry requires This study is related to agency theory which explains the relationship between principals as owners and managers as agents (Jensen & Mecling, 1976). In the context of agency theory, more profitable companies tend to have more incentives and resources to pursue tax minimization strategies through transfer pricing. The existence of high profitability provides a strong basis for companies to utilize transfer pricing as a tool to reduce tax burdens. Tax minimization strengthens this relationship by providing additional incentives for management to optimize their tax strategies.

In a study conducted by Ramadani and Arifin, A. (2024), Tax minimization moderates the relationship between and transfer pricing. This shows that differences in tax rates applicable in each country allow multinational companies to carry out transfer pricing to transfer profits to countries with low tax rates, so that they can reduce the tax burden as an effort to maximize profits.

d. Tax Minimization Can Strengthen the Influence of Company Size on Transfer Pricing

The results of the hypothesis test show that the Tax Minimization variable strengthens the Company Size which has a positive and significant effect on Transfer Pricing. Companies that have large total assets indicate that the company has reached a stage of maturity where at this stage the company's cash flow is positive and is considered to have good prospects in a relatively long period of time, besides that it also reflects that the company is relatively more stable and more capable of generating profits compared to companies with small total assets.

Tax minimization is a strategy to minimize the tax burden owed which can be done through transfer pricing actions. Multinational companies that implement and focus on tax minimization tend to have low effective tax rates, Salsabila and Nasution, H. (2023). This study is related to agency theory which explains the relationship between the principal as owner and the manager as agent (Jensen & Mecling, 1976). Managers of large companies may be more encouraged to pursue aggressive tax reduction strategies because of incentives to increase the company's profitability. This is in accordance with agency theory where managers act to maximize the value of the company (and often their own compensation) by reducing the tax burden.

In a study conducted by Mardiana, E., and Badjuri, A. (2023). Tax minimization strengthens the relationship between company size and transfer pricing. Tax minimization strengthens the relationship between company size and transfer pricing by utilizing economies of scale in tax planning, providing incentives for managers to reduce tax burdens and allowing large companies to handle the complexity and legal compliance related to transfer pricing. Thus, large companies are better able to implement effective transfer pricing strategies as part of their efforts to minimize tax burdens and increase overall profitability.

5. Closing

5.1 Conclusion

Based on the results of hypothesis testing and discussion regarding the independent variables including Profitability and Company Size, the moderating variable is Tax minimization, the dependent variable is Transfer pricing, the following conclusions can be drawn:

a. The results of the study show that Profitability has a positive and significant effect on Transfer Pricing, where companies with high profitability are more likely to use this strategy to reduce the tax burden.
b. The results of the study indicate that Company Size has a positive and significant effect on Transfer Pricing, where companies with large total assets are more likely to use this strategy to reduce their tax burden. Large companies, especially in the capital-intensive and high-risk mining sector, often utilize transfer pricing to allocate income to entities in lower-tax jurisdictions, thereby reducing their tax liabilities. Company size is measured through.
c. The results of the study indicate that the Tax Minimization variable strengthens the positive and significant influence of Profitability on Transfer Pricing. Companies that are profitable and seek to minimize taxes tend to be more active in using transfer pricing to legally manage tax burdens by utilizing differences in tax rates between countries.
d. The results of the study indicate that the Tax Minimization variable strengthens the positive effect of Company Size on Transfer Pricing. Large companies with high total assets show stronger stability and profit ability, which allows them to utilize transfer pricing strategies to legally reduce tax burdens. Large company size is often accompanied by transaction complexity, providing opportunities for managers to conduct tax.

5.2 Suggestion

Based on the research conclusions, several suggestions are recommended to subsequent researchers related to increasing stock prices, namely:

e. Mining Industry Companies Listed on the Indonesia Stock Exchange can better manage transfer pricing, comply with applicable regulations, and optimize tax minimization strategies ethically and transparently. This will help companies reduce tax risks, improve operational efficiency, and build a good reputation in the eyes of stakeholders.
f. Further researchers can choose research samples with other diverse sectors so that they can better describe how to improve transfer pricing.
g. Further research is expected to be able to add or change independent variables that influence transfer pricing decisions, for example, taxes, leverage, debt covenants, and so on, so that it is possible to obtain better research results.

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