

The Effect of Transfer pricing, Thin capitalization, and Foreign ownership on Tax avoidance Using Tax haven utilization as Moderation

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Abstract

This study employs a quantitative approach to examine the influence of transfer pricing, thin capitalization, and foreign ownership on tax avoidance, with tax haven utilization considered as a moderating variable. The research data were obtained from the annual reports and financial statements of multinational companies listed on the Indonesia Stock Exchange for the period 2021 to 2023. Using purposive sampling, 63 companies were selected as research samples, resulting in 189 observation units. Data analysis was conducted through panel data regression using STATA 17 software at significance levels of 5%, 10%, and 25% to ensure result accuracy. The findings reveal that transfer pricing, thin capitalization, and foreign ownership do not have a significant impact on tax avoidance. This suggests that these strategies do not necessarily directly influence a company's efforts to minimize tax obligations. However, tax haven utilization as a moderating variable significantly strengthens the relationship between thin capitalization and tax avoidance. This indicates that companies with high debt-based financing structures tend to be more aggressive in utilizing tax havens to reduce tax burdens. Conversely, tax haven utilization fails to moderate the relationship between transfer pricing and foreign ownership with tax avoidance. These findings highlight that not all corporate financial strategies are automatically affected by the existence of tax havens in the context of tax avoidance.

Keywords: *tax avoidance, transfer pricing, thin capitalization, foreign ownership, tax haven utilization*

Pengaruh *Transfer pricing*, *Thin capitalization*, dan *Foreign ownership* terhadap *Tax avoidance* dengan *Tax haven utilization* Sebagai Pemoderasi

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Abstrak

Penelitian ini mengadopsi pendekatan kuantitatif untuk mengkaji bagaimana *transfer pricing*, *thin capitalization*, dan *foreign ownership* memengaruhi praktik *tax avoidance*, dengan mempertimbangkan peran *tax haven utilization* sebagai variabel moderasi. Data penelitian bersumber dari laporan tahunan dan laporan keuangan perusahaan multinasional yang terdaftar di Bursa Efek Indonesia selama periode 2021 hingga 2023. Melalui teknik *purposive sampling*, diperoleh 63 perusahaan sebagai sampel penelitian, sehingga menghasilkan 189 unit observasi. Analisis data dilakukan menggunakan metode regresi data panel dengan bantuan software STATA 17, pada tingkat signifikansi 5%, 10%, dan 25% untuk memastikan ketepatan hasil. Hasil penelitian menunjukkan bahwa *transfer pricing*, *thin capitalization*, dan *foreign ownership* tidak memberikan dampak signifikan terhadap *tax avoidance*. Temuan ini mengindikasikan bahwa strategi tersebut belum tentu secara langsung memengaruhi upaya perusahaan dalam menghindari kewajiban pajak. Namun, penggunaan *tax haven* sebagai variabel moderasi terbukti mampu memperkuat hubungan antara *thin capitalization* dan *tax avoidance*. Hal ini menunjukkan bahwa perusahaan dengan struktur pendanaan berbasis utang yang tinggi cenderung lebih agresif dalam memanfaatkan *tax haven* untuk menekan beban pajak. Sebaliknya, *tax haven utilization* tidak mampu memperkuat hubungan antara *transfer pricing* maupun *foreign ownership* terhadap *tax avoidance*. Temuan ini menggarisbawahi bahwa tidak semua strategi keuangan perusahaan secara otomatis dipengaruhi oleh keberadaan *tax haven* dalam konteks penghindaran pajak.

Kata Kunci: *tax avoidance*, *transfer pricing*, *thin capitalization*, *foreign ownership*, *tax haven utilization*