The Effect of *Transfer Pricing* and *Tunneling Incentive* on *Tax Avoidance* with Audit Committee as a Moderating Variable

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Abstract

This study applies a quantitative approach to empirically analyze the effect of transfer pricing and tunneling incentives on tax avoidance, measured using Book-Tax Differences (BTD), with the audit committee acting as a moderating variable. The population of this study includes food and beverage subsector companies listed on the Indonesia Stock Exchange (BEI) during the 2022–2024 period. The sample comprised 35 companies selected using a purposive sampling method, resulting in 105 observations. The data were analyzed using panel data regression using STATA 12 software at a 5% significance level. Based on the results of the model specification test, the selected model is the Random Effect Model (REM). The analysis shows that transfer pricing and tunneling incentives have a significant positive effect on tax avoidance. Furthermore, the audit committee statistically moderates the relationship between transfer pricing and tax avoidance by weakening the influence of transfer pricing on tax avoidance. The audit committee also statistically moderates the relationship between tunneling incentives and tax avoidance by weakening the influence of tunneling incentives on tax avoidance. Meanwhile, company size, as a control variable, has no impact on tax avoidance.

Keywords: *transfer pricing*, *tunneling incentive*, audit committee, *tax avoidance*, *Book-Tax Differences*.

Pengaruh *Transfer Pricing* dan *Tunneling Incentive* terhadap *Tax Avoidance* dengan Komite Audit sebagai Variabel Moderasi

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Abstrak

Kajian ini menerapkan pendekatan kuantitatif guna menganalisis secara empiris pengaruh *transfer pricing* serta *tunneling incentive* terhadap *tax avoidance* yang diukur mempergunakan *Book-Tax Differences* (BTD), melalui komite audit menjadi variabel moderasi. Populasi pada kajian ini meliputi perusahaan subsektor *food and beverage* yang tercatat di BEI (Bursa Efek Indonesia) selama periode 2022–2024. Sampel pada penelitian mencakup 35 perusahaan yang dipilih dengan menerapkan metode *purposive sampling*, yang nantinya didapat 105 data observasi. Data dianalisa dengan menerapkan regresi data panel melalui *software* STATA 12 ditingkat signifikansi 5%. Merujuk dari hasil pengujian spesifikasi model, model yang terpilih pada kajian ini yaitu REM (*Random Effect Model*). Hasil analisis memperlihatkan bahwasanya *transfer pricing* dan *tunneling incentive* berpengaruh positif signifikan terhadap *tax avoidance*. Di sisi lain, komite audit secara statistik memoderasi hubungan dari *transfer pricing* serta *tax avoidance* dengan memperlemah pengaruh dari *transfer pricing* terhadap *tax avoidance*. Komite audit juga secara statistik memoderasi hubungan dari *tunneling incentive* serta *tax avoidance* dengan memperlemah pengaruh *tunneling incentive* terhadap *tax avoidance*. Sementara itu, ukuran perusahaan menjadi variable kontrol tidak berdampak terhadap *tax avoidance*.

Kata kunci: *transfer pricing*, *tunneling incentive*, komite audit, *tax avoidance*, *Book-Tax Differences*.