

EXCHANGE RATE, TAX MINIMIZATION, DEBT COVENANT ON TRANSFER PRICING IN CORPORATE GOVERNANCE MODERATION (IN MANUFACTURING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE IN THE 2020-2023 PERIOD)



Dinar Karmila¹

Universitas Muhammadiyah Tangerang, Tangerang, Indonesia
dinarkarmila7@gmail.com

Imas Kismanah²

Universitas Muhammadiyah Tangerang, Tangerang, Indonesia
imaskismanah@yahoo.co.id

Abstract

This study aims to determine the effect of Exchange Rate, Tax Minimization, Debt Covenant on Transfer Pricing in Corporate Governance Moderation (In Manufacturing Companies Listed on the IDX for the 2020-2023 Period). This study uses a quantitative approach. The population in this study includes manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2023 period. The sampling technique used is Purposive Sampling. Based on the established criteria, 26 company samples were obtained. The type of data used is secondary data obtained from the official website of the Indonesia Stock Exchange. The method used in this study is panel data regression analysis. The results of this study indicate that simultaneously Exchange Rate, Tax Minimization, Debt Covenant together have an effect on Transfer Pricing and Corporate Governance can moderate this effect. while partially Exchange Rate does not have a significant effect on Transfer Pricing while Tax Minimization and Debt Covenant have a significant effect. Corporate Governance is proven to moderate the influence of Tax Minimization and Debt Covenant but does not moderate the influence of Exchange Rate.

Keywords: Transfer Pricing, Exchange Rate, Tax Minimization, Debt Covenant Corporate Governance.

INTRODUCTION

In the era of globalization, multinational companies often engage in transfer pricing, which involves setting prices for transactions between companies within the same group. This can impact tax deductions, government revenues, and exchange rate stability (Sanusi & Fidiana, 2022). Corporate Governance (CG) emerges as a factor that can moderate the relationship between these variables. Taxes and transfer pricing are important issues in global trade. Taxes are financial obligations that must be submitted to the government by individuals and legal entities in accordance with applicable laws and regulations. They are mandatory and do not receive direct compensation, and are used for the welfare of the state and the people. Based on Law No. 7 of 2021 on General Provisions and Taxation, taxes are mandatory, requiring multinational companies to pay taxes regularly, which can be burdensome. Companies often seek to reduce their tax burden through transfer pricing to maximize profits.

There are several cases carried out by large companies both in Indonesia itself and large foreign companies that indicate transfer pricing in food and beverage sub-sector manufacturing companies, namely PT Indofood Sukses Makmur and PT Indofood CBP Sukses Makmur Tbk in the procurement of raw materials, after which they carried out sales to PT Indomarco Prisma in 2019 amounting to Rp. 1,221,194,428,452 or 36.59% which is also known as a phenomenon that indicates transfer pricing practices in Indonesia. Transfer pricing is indicated because the net profit of PT Indofood Sukses Makmur Tbk is fairly good, namely in the first quarter worth Rp1.4 trillion but the shares of PT Indofood CBP Sukses Makmur Tbk experienced a decline in share sales (Augustinus & Azizah, 2020).

This phenomenon reflects the increasing scrutiny of transfer pricing currently underway in various countries. Multinational companies are now expected to be more transparent in their transfer pricing decisions to ensure tax fairness across jurisdictions. One of the most recent developments related to transfer pricing is the Base Erosion and Profit Shifting (BEPS) initiative, initiated by the OECD and the G20. This initiative aims to combat tax manipulation through transfer pricing. A key component of the BEPS initiative is the recently implemented Pillar Two, which establishes a global minimum tax of 15% for large multinational companies. This regulation means that MNCs that previously shifted profits to countries with low tax rates are now still required to pay this minimum tax. This makes it more difficult for MNCs to reduce their tax burden through transfer pricing practices.

Several factors significantly impact transfer pricing, including exchange rates. Exchange rates play a crucial role in the post-pandemic global economic recovery, influencing international trade and capital flows (Gita Gopinath, 2021). Exchange rates can also serve as a buffer against economic shocks, but their volatility can create uncertainty for businesses and consumers (Mark Carney, 2020). Meanwhile, according to Furman (2023) Coordinated fiscal and monetary policies are essential for managing exchange rates and minimizing their impact on inflation. An exchange rate is the price of one currency against another. Exchange rates can influence international trade, investment, and the business decisions of multinational corporations.

According to Graetz (2018) Tax minimization is a strategic process undertaken by individuals or companies to assess their tax liabilities and exploit various incentives and loopholes in tax regulations to reduce the amount of tax payable. Meanwhile, according to

Reuven S. Avi-Yonah (2021) in his book "Global Taxation: A Comparative Perspective", Avi-Yonah defines tax minimization as a legitimate effort to plan and manage tax liabilities in a manner that complies with the law, but also takes advantage of uncertainty in tax law.

Corporate governance is a mechanism that manages and monitors a company, encompassing interactions between management, the board of directors, shareholders, and other stakeholders (James APT, 2022). Meanwhile, Monks & Minow (2011) argue that corporate governance is a structure that determines the direction and oversight of a company, and includes mechanisms for achieving objectives and managing risks. Corporate governance is the means and processes used to manage a company, including the rules and practices that govern the relationship between management, the board of directors, and shareholders (Mallin, 2016).

Good Corporate Governance (GCG) is a system that regulates and oversees a company to protect the interests of all stakeholders. GCG principles encompass transparency, accountability, responsibility, independence, and fairness. Corporate governance (CG) is crucial in this regard. Good CG helps companies act transparently and accountably in transfer pricing. With strong CG, companies can mitigate the risk of tax evasion and maintain their reputation and relationships with stakeholders. Corporate Governance indicators in this study are the audit committee, the board of commissioners, and institutional ownership.

Several research gaps have been identified by previous researchers in the field of transfer pricing. Previous research by Wulandari Cahyani Putri & Lindawati (2023) on the influence of exchange rates on transfer pricing stated that exchange rate fluctuations can affect a company's transfer pricing. Meanwhile, research by Kumba Digdowiseiso et al. (2023) investigated the impact of exchange rate fluctuations, which found no significant effect on transfer pricing. Similar research conducted by Makhmudah & Djohar (2023) states that the Exchange Rate can influence Transfer Pricing decisions.

Based on the background, the gap and research gap phenomena can be understood. This study focuses on manufacturing companies listed on the Indonesia Stock Exchange during the 2020-2023 period. The selection of the title "transfer pricing" as the dependent variable and the manufacturing sector as the observation year aims to provide an updated picture of transfer pricing practices currently faced by public companies in Indonesia. Given the various and inconsistencies of existing research, the author intends to examine a study entitled "Exchange Rate, Tax Minimization, Debt Covenant Against Transfer Pricing in Corporate Governance Moderation".

REVIEW OF LITERATURE

Agency Theory

According to (Jensen & Meckling, (1976) in Richard Alvin & Sugi Suhartono, 2022), agency theory describes the agency relationship that arises when one or more individuals (principals) employ another individual (agent) to provide a service and then transfer decision-making power to that agent.

Signaling Theory

Signaling theory was first introduced by Michael Spence in his paper "Job Market Signaling" (1973). In the context of the job market, Spence explained how university

graduates use their degrees as signals to demonstrate their abilities and productivity to potential employers.

Exchange Rate

According to (Gita Gopinath, 2021), exchange rates play a crucial role in the post-pandemic global economic recovery, influencing international trade and capital flows. Exchange rates can serve as a buffer against economic shocks, but their volatility can create uncertainty for businesses and consumers (Mark Carney, 2020).

Tax Minimization

Tax minimization is a strategic process undertaken by individuals or companies to assess their tax liabilities and take advantage of various incentives and loopholes in tax regulations to reduce the amount of tax they must pay.(Graetz, 2018).

Debt agreement (Debt Covenant)

According to Cochran, 2001 inSyahputri & Rachmawati (2021)states that a debt covenant is a loan agreement set out for a debtor by a lender to limit activities that may damage the value of the loan or loan recovery.

Transfer Pricing

Transfer pricing is the pricing of transactions between related companies that have an affiliated relationship, which aims to maximize reported profits in a particular country (Eileen WDM van der Meer, 2016).

Corporate Governance

Corporate governance is a system that manages and monitors a company, including interactions between management, the board of directors, shareholders, and other stakeholders (James AP T, 2022). Meanwhile, Monks & Minow (2011) argue that corporate governance is a structure that determines the direction and oversight of a company, including mechanisms for achieving goals and managing risk.

RESEARCH METHOD

A research approach is the entire process or activity involved in a study, from formulating the problem to drawing conclusions (Sugiyono, 2022). Research approaches can be qualitative or quantitative. According to Creswell (2014), a qualitative approach uses numerical data to test hypotheses or explain phenomena. This method often involves data collection through surveys, experiments, and statistical measurements.

This research was conducted by collecting data from the Indonesia Stock Exchange (IDX). The selection of the Indonesia Stock Exchange as the research location is due to the provision of comprehensive and easily accessible financial report information through the official website www.idx.co.id. The Indonesia Stock Exchange is located at Jl. Jendral Sudirman no. 52-53, RT 05/ RW 03, Senayan, Kebayoran Baru District, South Jakarta City, Special Capital Region of Jakarta, 12190. The object of the research will focus on manufacturing companies listed on the Indonesia Stock Exchange with an observation period of 2020-2023.

According to (Sugiyono, 2022), a population is the entirety of individuals or objects that are the focus of a study. The population in this study was all manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2019-2023 observation period.

Meanwhile, the sample was determined using purposive sampling, a sample selection method based on specific criteria related to the number of sources required.

A sample is a portion or subset of a population taken for research purposes. According to Sekaran & Bougie (2016), samples are used to represent the population so that research results can be generalized. Researchers used purposive sampling techniques to select participants who met specific criteria required for the study.

RESULTS AND DISCUSSION

Classical Assumption Test

Multicollinearity Test

According to Sugiyono (2022), a multicollinearity test requires a regression analysis involving more than one independent variable to determine whether there is an interaction between the independent variables being studied. The following are the results of the multicollinearity test in this study:

Table 1.
Multicollinearity Test Results

	Pricing	EXCHANGE	TAX	DEBT	GCG
Pricing	1	0.0688277	0.03248	-0.01195	-0.13245
EXCHANGE	0.068828	1	-0.24859	-0.04529	-0.05773
TAX	0.03248	-0.2485875	1	0.024079	-0.03065
DEBT	-0.01195	-0.0452861	0.024079	1	0.150238
GCG	-0.13245	-0.057726	-0.03065	0.150238	1

Source: Eviews 12, 2024

It can be seen in the table above that there are no variables with a value greater than 0.9, meaning that there is no multicollinearity, and the research is worth continuing (Sugiyono, 2022).

Heteroscedasticity Test

The heteroscedasticity test is a test performed to determine whether there is inequality in the variance of the residuals for all observations in a linear regression model. This test is one of the classical assumption tests required for linear regression.

It is necessary to conduct a regression analysis involving more than one independent variable to determine whether there is an interaction between the independent variables being studied. The following are the results of the multicollinearity test in this study.(Kuncoro, 2018). The heteroscedasticity test was conducted using the Glejser transformation method or Generalized Least Squares (GLS) (Sugiyono, 2022). The following are the results of the heteroscedasticity test:

Table 2.
Heteroscedasticity Test Results

Panel Cross-section Heteroskedasticity LR Test			
Equation: UNTITLED			
Specification: PRICING C EXCHANGE TAX DEBT GCG			
Null hypothesis: Residuals are homoscedastic			
	Value	df	Probability
Likelihood ratio	25.25526	26	0.0723

Source: Eviews 12, 2025

It can be seen in Table 2 that the probability value is $0.0723 > 0.05$ based on Sugiyono (2022) if the probability value is > 0.05 , then it can be concluded that there is no heteroscedasticity in the data, and the model can be said to be feasible, and the research can be continued.

Coefficient of Determination

The coefficient of determination measures how far the independent variable can explain the dependent variable. This test is carried out by looking at the value of the coefficient of determination. The value of the coefficient of determination is between 0 and 1 (Sugiyono, 2022).

Table 3.
Coefficient of Determination

Weighted Statistics			
Root MSE	0.032838	R-squared	0.717122
Mean dependent variable	0.057843	Adjusted R-squared	0.595327
SD dependent var	0.044397	SE of regression	0.039467
Sum squared residual	0.112149	F-statistic	5.887946
Durbin-Watson stat	2.697347	Prob(F-statistic)	0.000000

Source: Eviews 12, 2025

The table above shows the Adjusted R-Squared value of this study at 0.595327, which means that the variation in changes in the rise and fall of the dependent variable, namely transfer pricing, can be explained by the independent variables consisting of the exchange rate, tax minimization, debt covenant, and good corporate governance by 59.53 percent, while the remaining 40.47 percent is explained by other variables not examined in this study. The Adjusted R-Squared value above shows that the independent variable has a strong correlation with the dependent variable, but it can still be used to predict the rise or fall of the dependent variable (Sugiyono, 2022).

Hypothesis Testing

According to Sugiyono (2022), hypothesis testing is a statistical method that can be used to conclude population characteristics from sample data. A hypothesis is a statement about the characteristics of a population. This hypothesis testing is performed using the F-

test and the t-test. This hypothesis testing was conducted using eViews 12.0, and the following data processing results were obtained:

Simultaneous F Test

The F-test is conducted to determine the effect of all independent variables on the dependent variable simultaneously or collectively, or in other words, whether the model fits or not. The following are the results of the F-test in this study:

Table 4.
F Test Results

Weighted Statistics			
Root MSE	0.032838	R-squared	0.717122
Mean dependent variable	0.057843	Adjusted R-squared	0.595327
SD dependent var	0.044397	SE of regression	0.039467
Sum squared residual	0.112149	F-statistic	5.887946
Durbin-Watson stat	2.697347	Prob(F-statistic)	0.000000

Source: Eviews 12, 2024

The table above shows that the F-statistic value is 5.8879 while the temporary F table with an α level of 5% $df_1 = 5$, df_2 nk (99), the F table value is 2.306, so the F-statistic value (5.8879) > from F Table (2.306) and the prob value (F-statistic) 0.000000 < 0.05, it can be concluded that H1 is accepted, which means that the independent variables in this study consisting of exchange rate, tax minimization, and debt covenant simultaneously affect transfer pricing, which means that this regression model is suitable for use to continue the research.

Partial T-Test

The partial t-test aims to examine the influence of each independent variable on the dependent variable. The results of the partial t-test can be seen from the value of each t-statistic and the probability of each variable. The following are the results of the t-test in this study:

Table 5.
Partial Hypothesis Test Results (t-Test)

Dependent Variable: Pricing				
Method: Panel Least Square				
Date: 04/19/25 Time: 10:23				
Sample: 2020 2023				
Periods included: 4				
Cross-sections included: 26				
Total panel (balanced) observations: 104				
Variable	Coefficient	Std. Error	t-Statistic	Prob.

C	0.021272	0.004113	5.171706	0.0000
EXCHANGE	-0.060336	0.043870	-1.375355	0.1733
TAX	-0.321295	0.128027	-2.509582	0.0143
DEBT	0.210429	0.060590	3.472977	0.0009
EXCHANGEXGCG	-4.98E-05	2.64E-05	-1.888629	0.0630
TAXXGCG	0.078843	0.030671	2.570566	0.0122
DEBTXGCG	-0.045905	0.013316	-3.447226	0.0009
Effects Specification				
Cross-section fixed (dummy variables)				
Weighted Statistics				
Root MSE	0.032838	R-squared	0.717122	
Mean dependent variable	0.057843	Adjusted R-squared	0.595327	
SD dependent var	0.044397	SE of regression	0.039467	
Sum squared residual	0.112149	F-statistic	5.887946	
Durbin-Watson stat	2.697347	Prob(F-statistic)	0.000000	

Source: Eviews 12, 2025

Based on the partial t-test results of the independent variable against the dependent variable in the panel regression analysis, it can be concluded that the hypothesis results are as follows:

1. Hypothesis Testing (H1)

Exchange rate (Exchange) has a t-statistic of (-1.375) while the t-table with a level of $\alpha = 5\%$ $df = 99$ obtained a t-table value of (1.984) thus the t-statistic of exchange rate (-1.375) < t-table (1.984), and the prob value (0.1733) > 0.05, it can be concluded that the exchange rate variable in this study does not have a significant effect on transfer pricing, and the hypothesis is rejected.

2. Hypothesis Testing (H2)

Tax minimization (Tax) has a t-statistic of (-2.509) while the t-table with the α level = 5%, and df (nk) = 99, the t-table value is (1.984) thus the t-statistic tax minimization (-2.509) > t-table (1.984), and the prob value (0.0143) < 0.05, it can be concluded that the tax minimization variable in this study has a significant effect on transfer pricing, and the hypothesis is accepted.

3. Hypothesis Testing (H3)

Debt covenant (Debt) has a t-statistic of (3.472) while the t-table with the level of $\alpha = 5\%$, and df (nk) = 99, the t-table value is (1.984), thus the t-statistic debt covenant (3.472) > t-

table (1.984), and the prob value is $0.0009 < 0.05$, so it can be concluded that the debt covenant variable in this study has a significant effect on transfer pricing, and the hypothesis is accepted.

4. Hypothesis Testing (H4)

Exchange rate moderated by good corporate governance (ExchangeGcg) has a t-statistic of (-1.888) while the t-table with α level = 5%, and $df(nk) = 99$ then the t-table value is obtained as (1.984) thus the t-statistic of exchange rate with good corporate governance moderation $(-1.888) < t\text{-table (1.984)}$, and the prob value $(0.0630) > 0.05$ then it can be concluded that the good corporate governance variable cannot moderate the effect of exchange rate on transfer pricing, and the hypothesis is rejected.

5. Hypothesis Testing (H5)

Tax minimization with good corporate governance (TaxxGcg) moderation has a t-statistic of (2.570) while the t-table with α level = 5%, and $df(nk) = 99$, the t-table value is (1.984) thus the t-statistic of tax minimization with good corporate governance moderation $(2.570) > t\text{-table (1.984)}$, and the prob value $(0.0122) < 0.05$, it can be concluded that the good corporate governance variable in this study can moderate the effect of tax minimization on transfer pricing, and the hypothesis is accepted.

6. Hypothesis Testing (H6)

Debt covenant with good corporate governance moderation (DebtGcg) has a t-statistic of (-3.447) while the t-table with α level = 5%, and $df(nk) = 99$ then the t-table value is (1.984), thus the t-statistic of debt covenant with good corporate governance moderation $(-3.447) > t\text{-table (1.984)}$, and the prob value is $0.0009 < 0.05$, it can be concluded that the good corporate governance variable in the study is able to moderate the influence of debt covenant on transfer pricing, and the hypothesis is accepted.

Interpretation of Results

The following is an interpretation of the research results in the data processing obtained in this study:

The Effect of Exchange Rates on Transfer Pricing

The exchange rate variable does not have a significant effect on transfer pricing, this is due to the rise or fall in the value of foreign currencies which is uncertain so that management cannot arrange or plan to carry out transactions with related parties in other countries in periods where there are significant profits so that it cannot affect the transfer pricing level (Lindawati, 2023).

Hedging against currency exchange rates can also significantly reduce fluctuations that can harm the company, so that the exchange rate level that occurs in the company's transactions cannot affect the amount of the transaction price determined due to changes in currency values, which prevents management from using the exchange rate to have a transfer pricing level that increases the company's profits. The use of hedging can help management act in accordance with agency theory by minimizing the risk of losses due to exchange rates arising from the company's transfer pricing actions, so that the transfer pricing actions carried out by the company cannot cause significant losses to the company in accordance with the objectives of the shareholders (Mayzura, 2023).

The results of this study are supported by research by Kumba Digidowiseiso et al. (2023), which proved that the exchange rate has no significant effect on transfer pricing.

However, the results of this study differ from the research by Wulandari Cahyani Putri & Lindawati (2023), which proved that the exchange rate has a significant effect on transfer pricing.

The Effect of Tax Minimization on Transfer Pricing

The Tax Minimization variable has a significant effect on transfer pricing, this is because the high tax burden borne by a company on the profits generated will encourage company management to carry out tax minimization to reduce the amount of tax burden borne by transferring the profits generated to related companies in countries with lower tax rates so that it can increase the amount of company transaction pricing which will increase the company's transfer pricing level (Rahma & Wahjudi, 2021).

Transfer pricing actions carried out for tax avoidance purposes enable companies to act following agency theory, where management as an agent can manage the company optimally by reducing the amount of burden borne and maximizing the profits obtained in accordance with the objectives of shareholders as principals. (Cristina & Murtiningtyas, 2021) This action can also help multinational companies to generate equitable profits across all branches or company groups by transferring profits from companies with profits exceeding the target to related companies with profits that have not yet reached the target or are experiencing losses, so that the company can generate positive information signals.

The results of this study are supported by research conducted by Rahma & Wahjudi (2021), which proves that tax minimization has a significant effect on transfer pricing, but is not in line with research by Hidayati et al (2021), which proves that tax minimization does not have a significant effect on transfer pricing.

The Effect of Debt Covenant on Transfer Pricing

The Debt Covenant variable has a significant effect on transfer pricing, this is also because the higher the debt covenant, the higher the level of debt agreement owned by the company which is used by the company to make debt agreements with related parties, thereby increasing the transaction pricing that occurs between the company and related parties which will increase the transfer pricing value, this is done by company management as an agent to act according to agency theory to reduce the company's taxable profit so that it can minimize the tax burden borne by the company or carry out profit smoothing, and other goals to increase the profits obtained by the company according to the wishes of shareholders as principals. (Sri et al., 2024).

The results of this study are supported by Rahmawati's research (2024), which proves that debt covenants have a significant effect on transfer pricing; however, the results of the study are not in line with the research Sri et al (2024), which proves that debt covenants do not have a significant effect on transfer pricing.

The Effect of Exchange Rate on Transfer Pricing with Good Corporate Governance as a Moderating Variable

The good corporate governance variable does not significantly moderate the effect of the exchange rate on transfer pricing. This is because the implementation of good corporate governance in a company will encourage company management to minimize the risk of losses arising from changes in currency exchange rates by using hedging, which prevents

significant changes in the exchange rate, thus preventing the exchange rate from having a significant impact on the company's transfer pricing level (Lastanti, 2024).

The maximum implementation of good corporate governance in a company allows the company to act in accordance with agency theory, where supervision arising from good corporate governance can enable the company to protect shareholders as principals from losses by encouraging management to have hedging from transactions carried out by the company in foreign currencies that can give rise to losses due to changes in exchange rates (Rifqiyati et al., 2021).

The research results are supported by research conducted by Lastanti (2024), which proves that good corporate governance cannot moderate the influence of exchange rates on transfer pricing. However, the research results show different results from Handayani's (2021) research, which proves that good corporate governance can moderate the influence of exchange rates on transfer pricing.

The Effect of Tax Minimization on Transfer Pricing with Good Corporate Governance as a Moderating Variable

Good corporate governance variables can significantly moderate the effect of tax minimization on transfer pricing. The implementation of quality good corporate governance results in good governance in a company, which encourages company management to maximize tax minimization by having tax planning to minimize the tax burden as much as possible by transferring company profits to related parties, which will increase the number of company transaction pricing with related parties, thereby increasing the company's transfer pricing level (Putranti, 2023).

The implementation of good corporate governance in a company will also increase supervision of management acting as an agent so that tax minimization actions carried out by company management by utilizing transfer pricing practices as a form of maximum company management can be carried out in a legal manner, and enable the company to maximize profits and avoid losses due to sanctions imposed (Dilla, 2024).

The research results are supported by research conducted by Putranti (2023) which proves that good corporate governance can moderate the effect of tax minimization on transfer pricing. However, the research results differ from the research results of Handayani (2021) which proves that good corporate governance cannot moderate the effect of tax minimization on transfer pricing.

The Effect of Debt Covenant on Transfer Pricing with Good Corporate Governance as a Moderating Variable.

Good corporate governance variables can significantly moderate the influence of debt covenants on transfer pricing. The implementation of good corporate governance in a company will make the company have quality business governance including minimizing emerging business risks, thus encouraging management to reduce the high level of debt agreements that the company can take with parties other than the company's relations because it can give rise to higher interest expenses, and make management to enter into debt covenants with related parties that have a manageable amount of interest expenses to reduce the amount of the company's taxable profit, this action will improve the pricing of

transactions that occur between the company and related parties so that it can increase the company's transfer pricing level (Putranti, 2024).

The implementation of good corporate governance will create quality corporate governance that allows companies to act in accordance with agency theory where management as an agent will reduce the level of business risks that arise, and manage the company to generate maximum profits by utilizing debt covenants with related parties that can be used to reduce reported taxable profits (Juliana, 2022).

The results of this study are supported by Putranti's (2024) research, which proves that good corporate governance can moderate the influence of debt covenants on transfer pricing. However, the results of this study are not in line with Azzahra's (2021) research, which proves that good corporate governance cannot moderate the influence of debt covenants on transfer pricing.

CONCLUSION

This study aims to analyze the influence of exchange rates, tax minimization, and debt covenants on transfer pricing simultaneously and partially, with good corporate governance as a moderating variable. The sample used was 26 manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2023 period. Based on the test results, several conclusions can be drawn:

1. The results of the first hypothesis test t-statistic exchange rate $(-1.375) < t\text{-table} (1.984)$, and the prob value $(0.1733) > 0.05$, it can be concluded that the exchange rate variable in this study does not have a significant effect on transfer pricing, and the hypothesis is rejected.
2. The results of the second hypothesis test t-statistic tax minimization $(-2.509) > t\text{-table} (1.984)$, and the prob value $(0.0143) < 0.05$, it can be concluded that the tax minimization variable in this study has a significant effect on transfer pricing, and the hypothesis is accepted.
3. The results of the third hypothesis test t-statistic debt covenant $(3.472) > t\text{-table} (1.984)$, and the prob value is $0.0009 < 0.05$, so it can be concluded that the debt covenant variable in this study has a significant effect on transfer pricing, and the hypothesis is accepted.
4. The results of the fourth hypothesis test t-statistic exchange rate with good corporate governance moderation $(-1.888) < t\text{-table} (1.984)$, and the prob value $(0.0630) > 0.05$, it can be concluded that the good corporate governance variable cannot moderate the effect of exchange rate on transfer pricing, and the hypothesis is rejected.
5. The results of the fifth hypothesis test t-statistic tax minimization with good corporate governance moderation $(2.570) > t\text{-table} (1.984)$, and the prob value $(0.0122) < 0.05$, it can be concluded that the good corporate governance variable in this study can moderate the effect of tax minimization on transfer pricing, and the hypothesis is accepted.
6. The results of the sixth hypothesis test t-statistic debt covenant with good corporate governance moderation $(-3.447) > t\text{-table} (1.984)$, and the prob value is $0.0009 < 0.05$, so it can be concluded that the good corporate governance variable in the study is able to moderate the influence of debt covenant on transfer pricing, and the hypothesis is accepted.

REFERENCES

- Agustinus, M., & Azizah, N. N. (2020). *Laporan Keuangan Kinclong Tapi Saham Indofood Group Anjlok, Kenapa?* Kumparan Bisnis. <https://kumparan.com/kumparanbisnis/laporan-keuangan-kinclong-tapi-saham-indofood-group-anjlok-kenapa-1tUkpIPna8K>
- Cristina, I. Y., & Murtiningtyas, T. (2021). Analisis Pajak, Tunneling Incentive, dan Mekanisme Bonus Terhadap Keputusan Transfer Pricing. *Jurnal Administrasi Dan Bisnis*, 15(1), 16–21. <https://doi.org/10.33795/adbis.v15i1.1837>
- Damanik, D. N. H., & Mu'id, D. (2019). Corporate Governance, Komite Audit, Kualitas Audit, dan Manajemen Pajak (Studi Empiris Pada Perusahaan yang Terdaftar di Indeks LQ45 Periode 2014-2018). *Diponegoro Journal of Accounting*, 8(4), 1–15.
- Devi, D. K., & Suryarini, T. (2020). The effect of tax minimization and exchange rate on transfer pricing decisions with leverage as moderating. *Accounting Analysis Journal*, 9(2), 110–115. <https://doi.org/10.15294/aaaj.v9i2.36469>
- Effendi, M. A. (2009). *Good Corporate Governance : Teori Dan Praktik*. Yogyakarta: Salemba Empat.
- Furman, J. (2023). Comment on “Economic Implications of the Climate Provisions in the Inflation Reduction Act.” *Brookings Papers on Economic Activity*, 158–166.
- Georgieva, K. (2021). *Fluktuasi Nilai Tukar Dan Ketidakpastian Ekonomi*. Washington: World Bank.
- Graetz, M. J. (2018). Foreword-The 2017 tax cuts: How polarized politics produced precarious policy. *Yale Law Journal*, 128, 315–338.
- Hidayati, W. N., Sylvatica, N. A., & Sanulika, A. (2021). Pengaruh Tax Minimization, Tunneling Incentive Terhadap Transfer Pricing dengan Ukuran Perusahaan sebagai Variabel Moderasi. *Eko preneur*, Vol. 2, No. 2. *EkoPreneur*, 2(2), 271–286. <https://doi.org/10.32493/ekop.v2i2.12315>
- Joana, S. M., & Abdi, M. (2022). Pengaruh Tax Planning, Nilai Perusahaan, Dan Leverage Terhadap Praktik Perataan Laba. *Jurnal Manajerial dan Kewirausahaan*, 6(3), 836–843. <https://doi.org/10.24912/jmk.v4i3.19778>
- Khoirunnisa, C. (2023). *Pengaruh Tax Minimization, Tunneling Incentive Dan Mekanisme Bonus Terhadap Transfer Pricing Dengan Good Corporate Governance Sebagai Variabel Pemoderasi Pada Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia (Bei) Tahun 2019-2021*. Universitas Widya Dharma.
- Kuncoro, M. (2018). *Metode Kuantitatif (5th ed.)*. Yogyakarta: Unit Penerbit dan Percetakan Sekolah Tinggi Ilmu Manajemen YKPN.
- Makhmudah, N. F., & Djohar, C. (2023). Pengaruh Tax Minimization, Tarif Pajak Efektif, dan Exchange Rate Terhadap Transfer Pricing. *Jurnal Revenue: Jurnal Ilmiah Akuntansi*, 3(2), 429–441. <https://doi.org/10.46306/rev.v3i2.160>
- Murtanto, M., & Bonita, B. (2021). The effect of tax expense, bonus mechanism, and tunneling incentive to transfer pricing decision with profitability as a moderating variable. *Media Riset Akuntansi, Auditing & Informasi*, 21(2), 293–308. <https://doi.org/10.25105/mraai.v21i2.10404>
- Nafiati, D., Karina, A., & Digdowiseiso, K. (2023). Pengaruh Beban Pajak, Exchange Rate Dan Perencanaan Pajak Terhadap Keputusan Melakukan Transfer Pricing. *Management Studies and Entrepreneurship Journal (MSEJ)*, 4(6), 8662–8671.

- <https://doi.org/10.37385/msej.v4i6.3618>
- Oktaviani, M., & Anggraeni, D. (2023). Pengaruh Pajak, Kepemilikan Saham Dan Mekanisme Bonus Terhadap Keputusan Harga Transfer (Studi Pada Perusahaan Manufaktur Sektor Transportation Dan Logistik Yang Terdaftar Di Bursa Efek Indonesia Tahun 2018-2022). *Prosiding: Ekonomi Dan Bisnis*, 3(2), 1–13.
- Oktaviani, S., & Ajimat, A. (2023). Pengaruh Intensitas Aset Tetap, Kompensasi Manajemen dan Pajak Tangguhan terhadap Manajemen Pajak. *InFestasi*, 19(2), 113–124. <https://doi.org/10.21107/infestasi.v19i2.21802>
- Putri, N. P. W. A., Putri, I. G. A. M. A. D., Budiarta, I. K., & Gayatri. (2022). Moderasi Good Corporate Governance terhadap Pengaruh Pajak dan Mekanisme Bonus pada Transfer Pricing di Indonesia. *E-Jurnal Akuntansi*, 32(6), 1440–1451.
- Putri, W. C., & Lindawati, L. (2023). Pengaruh Tax Minimization, Exchange Rate dan Tunneling Incentive terhadap Keputusan Transfer Pricing. *Scientific Journal of Reflection: Economic, Accounting, Management and Business*, 6(1), 195–204. <https://doi.org/10.37481/sjr.v6i1.634>
- Rahma, P. A. R., & Wahjudi, D. (2021). Tax Minimization Pemoderisasi Tunnelling Incentive, Mechanism Bonus dan Debt Covenant dalam Pengambilan Keputusan Transfer Pricing. *Jurnal Riset Akuntansi & Perpajakan (JRAP)*, 8(02), 16–34. <https://doi.org/10.35838/jrap.2021.008.02.13>
- Rejeki, S., Wijaya, A. L., & Amah, N. (2019). Pengaruh Kepemilikan Institusional Kepemilikan Manajeial dan Proporsi Dewan Komisaris Terhadap Penghindaran Pajak dan Transfer Prancing Sebagai Variabel Moderasi (Studi Pada Perusahaan Manufaktur yang Terdaftar di BEI Tahun 2014-2017). *SIMBA: Seminar Inovasi Manajemen, Bisnis, dan Akuntansi*, 175–193.
- Rifqiyati, R., Masripah, M., & Miftah, M. (2021). Pengaruh Pajak, Multinasionalitas, dan Tunneling Incentive Terhadap Keputusan Transfer Pricing. *Jurnal Akuntansi, Keuangan dan Manajemen*, 2(3), 167–178. <https://doi.org/10.35912/jakman.v2i3.214>
- Sanusi, A. A., & Fidiana, F. (2022). Pengaruh Perencanaan Pajak, Profitabilitas, Exchange Rate, dan Kualitas Audit Terhadap Keputusan Transfer Pricing. *Jurnal Ilmu dan Riset Akuntansi (JIRA)*, 11(5), 1–21.
- Sri, D. L., Bakhruhin, & Amerieska, S. (2024). Pengaruh Debt Covenant, Tunneling Incentive, Dan Intangible Assets terhadap Keputusan Transfer Pricing pada Perusahaan Manufaktur. *Jurnal Akuntansi Bisnis dan Humaniora*, 11(1), 15–23. <https://doi.org/10.33795/jabh.v11i1.6544>
- Sukmawati, V. D. (2023). *Tax Avoidance: Ditinjau dari Transfer Pricing, Koneksi Politik dan Capital Intensity dengan Good Corporate Governance sebagai Variabel Moderasi (Studi pada perusahaan manufaktur yang terdaftar di Jakarta Islamic Index periode 2015-2021)*. IAIN Kudus.
- Syahputri, A., & Rachmawati, N. A. (2021). Pengaruh Tax Haven dan Debt Covenant Terhadap Keputusan Perusahaan Melakukan Transfer Pricing Dengan Kepemilikan Institusional Sebagai Variabel Moderasi. *Journal of Applied Managerial Accounting*, 5(1), 60–74. <https://doi.org/10.30871/jama.v5i1.2864>
- Tarmidi, D., Fadjaranie, A., & Oktris, L. (2023). Corporate Tax Policy: Impact Tunnelling Incentive, Debt Covenant, And Transfer Pricing. *Jurnal Akuntansi*, 27(1), 157–175. <https://doi.org/10.24912/ja.v27i1.1249>

Yustin, A. L., & Effendi, B. (2021). Penggunaan Corporate Social Responsibility Sebagai Intervening: Antara Komisaris Independen, Dewan Direksi, Komite Audit dan Kualitas Audit Terhadap Tax Avoidance. *STATERA: Jurnal Akuntansi Dan Keuangan*, 3(2), 75–84. <https://doi.org/10.33510/statera.2021.3.2.75-84>