ABSTRACT

This study aims to analyze the effect of transfer pricing, profitability, leverage, firm size, and capital intensity on the Effective Tax Rate (ETR) of multinational manufacturing companies in Indonesia during the 2021-2025 *period. The Effective Tax Rate (ETR) is used as a proxy to measure the effective tax burden borne by companies. Differences in ETRs between companies indicate the magnitude of the effective tax burden, which is influenced not only by the applicable tax rate but also by the behavior, characteristics, and policies implemented by the company in conducting its business activities.*

This study uses a quantitative approach with panel data analysis. Data were obtained from the financial statements of multinational manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2025 *period. Sampling was conducted using a purposive sampling method based on established criteria, resulting in a total of 185 sample companies. Data analysis used panel data regression with a Fixed Effects Model (FEM) approach.*

The results of the study partially indicate that profitability has a significant negative effect on ETR, while transfer pricing, leverage, firm size, and capital intensity have no significant effect on ETR. These findings indicate that profitability is the most consistent factor explaining variations in ETR in multinational manufacturing companies in Indonesia during the 2021-2025*period, while transfer pricing, leverage, firm size, and capital intensity are unable to explain variations in ETR. Simultaneously, transfer pricing, profitability, leverage, firm size, and capital intensity significantly influence ETR.*

Keywords: *transfer pricing, profitability, leverage, firm size, capital intensity, Effective Tax Rate* (ETR).