

ABSTRACT

Transfer pricing could be happened on the company that want high profit and use the tax avoidance become the way to reach it. Ownership structure is also affect management to transfer wealth to themself or to majority stakeholder. Bonus and debt covenant also used by the company to get high profit. This study aimed to examine the effect of tax, tunneling incentives, bonus plan, and debt covenant on the company's decision to do transfer pricing.

The sample used on this study is manufacturing company listed on the Indonesia Stock Exchange for years 2011 – 2013 totaling 108 companies, and the sample is toke with purposive sampling method. The analysis technique used on this study is a binary logistic regression.

The result of this study shows that tax, tunneling incentives, and debt covenant have significantly positive effect on transfer pricing. Bonus is not significant to transfer pricing. The determination coefficient is 0,486 that means 48,6% transfer pricing affected by independent variable, while the rest is explained by other variable. This result shows that is many other variable in outside of this study that can explain transfer pricing.

Keywords : *tax, transfer pricing, bonus plan, tunneling incentives, debt covenant.*