

The Influence of Tax Minimization, Debt Covenant, and Exchange Rate on Transfer Pricing in an Islamic Economic Perspective: Study on Transportation and Logistics Companies Listed on the Indonesia Stock Exchange 2021-2023

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Abstract : This study examines the influence of tax minimization, debt covenants, and exchange rates on transfer pricing practices among transportation and logistics companies listed on the Indonesia Stock Exchange from 2021 to 2023. Adopting a quantitative approach, the research employs secondary panel data collected from corporate financial reports and the official IDX database. A purposive sampling method was used to select 14 firms, resulting in 42 firm-year observations. Data analysis was conducted using multiple linear regression with MS Excel and IBM SPSS 30. The results show that, individually, tax minimization and debt covenants have no significant effect on transfer pricing, while the exchange rate has a positive but statistically insignificant impact. However, when considered jointly, all three variables exert a significant and positive influence on transfer pricing decisions. From the perspective of Islamic economic law, transfer pricing practices should adhere to the principles of justice ('adl), transparency, and truthfulness, while avoiding manipulative behavior that undermines public interest and state revenue. This study offers a normative framework to assess whether prevailing transfer pricing strategies in the logistics sector align with or deviate from the objectives of Islamic law (maqāṣid al-sharī'ah), particularly in terms of financial ethics and distributive equity. The key contribution of this research lies in providing empirical evidence on the determinants of transfer pricing within an Islamic legal-economic framework—an area that remains underexplored in emerging market contexts. Moreover, the findings offer practical implications for fiscal authorities and policymakers in designing tax and financial regulations that not only promote economic efficiency but also uphold Islamic ethical standards and good Sharia governance.

Keywords: *Transfer Pricing, Tax Minimization, Debt Covenant, Exchange Rate, Islamic Economic Law, Sharia Governance, Indonesia*

Abstrak: Penelitian ini bertujuan untuk menganalisis pengaruh minimisasi pajak, perjanjian utang (debt covenants), dan nilai tukar terhadap praktik transfer pricing pada perusahaan transportasi dan logistik yang terdaftar di Bursa Efek Indonesia selama periode 2021 hingga 2023. Penelitian ini menggunakan pendekatan kuantitatif dengan data sekunder berupa data panel yang diperoleh dari laporan keuangan perusahaan dan situs resmi BEI. Teknik purposive sampling digunakan untuk memilih 14 perusahaan, menghasilkan 42 observasi tahunan. Analisis data dilakukan dengan regresi linier berganda menggunakan perangkat lunak MS Excel dan IBM SPSS 30. Hasil penelitian menunjukkan bahwa secara parsial, minimisasi pajak dan perjanjian utang tidak berpengaruh signifikan terhadap transfer pricing, sedangkan nilai tukar berpengaruh positif namun tidak signifikan. Namun secara simultan, ketiga variabel tersebut memiliki pengaruh positif dan signifikan terhadap keputusan transfer pricing. Dalam perspektif hukum ekonomi syariah, praktik transfer pricing idealnya harus didasarkan pada prinsip keadilan ('adl), transparansi, dan kejujuran, serta menjauhi segala bentuk manipulasi dan rekayasa harga yang merugikan kepentingan publik dan negara. Temuan ini memberikan kerangka evaluatif apakah praktik-praktik transfer pricing di sektor logistik mencerminkan kepatuhan terhadap nilai-nilai syariah atau justru cenderung menyimpang dari maqāṣid al-sharī'ah dalam aspek keuangan dan distribusi keadilan. Kontribusi utama penelitian ini terletak pada penyediaan bukti empiris tentang perilaku transfer pricing dalam konteks hukum ekonomi syariah, sebuah bidang yang masih minim eksplorasi di pasar negara berkembang seperti Indonesia. Penelitian ini juga menawarkan wawasan praktis bagi regulator dan pembuat kebijakan fiskal dalam merancang instrumen pengawasan dan regulasi yang tidak hanya responsif secara ekonomi, tetapi juga selaras dengan etika bisnis Islam dan prinsip-prinsip tata kelola syariah..

Kata kunci: *Transfer Pricing, Minimisasi Pajak, Perjanjian Utang, Nilai Tukar, Hukum Ekonomi Syariah, Tata Kelola Syariah, Indonesia*

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Introduction

Globalization in the field of economics and business has led to the development of an economy that does not recognize borders between countries. Many transactions between companies are increasing, both between companies in the country and abroad.¹ *Transfer pricing* often in the spotlight in the global business world because many multinational companies use this strategy to optimize their tax burden.

The government has updated the provisions related to transfer pricing. The latest policy on these provisions is regulated in the Regulation of the Minister of Finance Number 172 of 2023 concerning the Application of the Principle of Fairness and Business Custom in Transactions Influenced by Special Relationships.² Understanding these provisions is important to be understood immediately by Taxpayers, especially for those who carry out special relationship transactions. The importance of knowledge greatly influences the attitude of taxpayers towards a fair taxation system. Along with the increasing quality of knowledge, the presence of a taxation system in a country that is considered fair creates an attitude of carrying out its obligations properly.³ This is because the obligation to organize, store, and submit transfer pricing documents for the 2024 tax year and beyond is implemented based on PMK

172/2023.⁴

The phenomenon in this study quoted from the admin pajak.com page in the transportation and logistics sector, especially in the freight forwarding industry, has become a major concern in Indonesia. Based on data from the Indonesian Logistics Association (ALI), the logistics business in Indonesia will grow by 8 percent in 2023, reflecting the high demand for shipping and distribution services. Furthermore, Supply Chain Indonesia (SCI) noted that the state sector including transportation and warehousing has contributed to Indonesia's Gross Domestic Product (GDP) of IDR 1,090.2 trillion.⁵ The transfer pricing phenomenon in the transportation sector and the state in Indonesia shows a major challenge for state tax revenues.

"Do not eat the wealth between you in a false way and (do not) bring (the affairs of) the wealth to the judges with the intention that you can consume some of other people's wealth in a sinful way, even though you know."

The meaning of the verse above is explained that companies are expected to operate fairly and responsibly, and comply with sharia principles in every business transaction. In the context of transfer pricing, unfair pricing practices to avoid taxes can be considered as "eating wealth in a false way".

The first factor that influences companies

¹Juarsa Badri, Nidia Anggreni Das, and Yosep Eka Putra, "The Effect of Tax Minimization, Foreign Ownership Bonus Mechanism on Transfer Pricing in Multinational Manufacturing Companies Listed on the Indonesia Stock Exchange," PROFITA Journal: Accounting and Business 2, no. 1 (2021): 1–15, <https://doi.org/10.47896/ab.v2i1.328>.

²Regulation of the Minister of Finance 172 of 2023 PMK, "Www.Jdih.Kemenkeu.Go.Id," www.jdih.kemenkeu.go.id, 2023.

³Suhendar, "Analysis Of The Effect Of Tax Knowledge On Taxpayer Compliance Of Umkm In Bandar Lampung City," Edunomika 07, no. 01 (2023): 1–7.

⁴Risandy Meda Nurjanah Sieny Gracelia, "Main Points of Changes to Transfer Pricing Provisions in PMK 172 of 2023 (1)," MUC SURABAYA, January 25, 2024, <https://www.konsultanpajaksurabaya.com/pokok-perubahan-ketentuan-transfer-pricing-dalam-pmk-172-tahun-2023-1#gsc.tab=0>.

⁵"Risk of Transfer Pricing Dispute in Freight Forwarding Services," <https://www.adminpajak.com/artikel/show/222/Risiko-Sengketa-Transfer-Pricing-di-Jasa-Freight-Forwarding#>, nd

to practice transfer pricing is tax minimization. Tax minimization is a strategy to minimize the tax burden owed by a company. . The increasing tax burden triggers companies to carry out transfer pricing in the hope of reducing the burden.⁶In research conducted by Marfuah et al., (2021) and Devi Ratnosari et al., (2024) it was stated that tax minimization has a significant positive effect on transfer pricing, while in research by Wulandari & Lindawati (2023) it was stated that tax minimization has no effect on transfer pricing.

The next factor that influences transfer pricing is debt covenant. Debt Covenant is a contract addressed to the borrower by the creditor to limit activities that may damage the value of the loan and loan recovery. In this agreement has limited the ability of a manager to invest, pay dividends, add loans and then limit activities that have the potential to harm the manager. The higher the debt or equity ratio of the company, the greater the possibility for managers to choose accounting methods that can increase profits.⁷In a study conducted by Laila & Dila (2024), it was stated that debt covenants have an effect on transfer pricing, while in a study by Raden (2021), it was stated that debt covenants have no effect on transfer pricing.

The next factor that influences transfer pricing is the exchange rate. Exchange rate is exchanging one currency for another currency at a certain price or value. Exchange rate can affect the balance of trade in a country due to

the difference between the value of exports and imports obtained by a country. The exchange rate that continues to fluctuate makes companies believe that the value of foreign currencies is strengthening and the value of the rupiah is weakening. When foreign currencies strengthen, the exchange rate difference obtained by the company will increase. So companies will choose to sell their products to affiliated companies abroad by means of transfer pricing.⁸ In a study conducted by Wulandari & Lindawati (2023), it was stated that the exchange rate had a significant effect on transfer pricing, while in the studies of Nungky et al., (2023) and Marfuah et al., (2021), it had no effect on transfer pricing.

Based on the description that has been explained above, the researcher is interested in conducting a study entitled "The Effect of Tax Minimization, Debt Covenant, and Exchange Rate on Transfer Pricing in an Islamic Economic Perspective in Transportation and Logistics Companies Listed on the Indonesia Stock Exchange in 2021-2023"..

Method

This research was conducted by collecting data through the official website of the Indonesia Stock Exchange.www.idx.co.id and the company's official website. This research lasted for 3 years, namely from 2021-2023.

This type of research is quantitative research, Quantitative research is a process of

⁶Anjeli Indriana, "The Effect Of Tax Minimization, Debt Covenant, Bonus Mechanism And Profitability On Transfer Pricing In Transportation And Logistics Sub-Sector Companies Listed On The Indonesia Stock Exchange In 2019-2021" (Dissertation, UIN SUSKA RIAU, 2023).

⁷Raden Januari Pangaribuan, "The Effect of Tax, Size, Debt Covenant, and Foreign Ownership on Transfer Pricing in Manufacturing Companies Listed on the

Indonesia Stock Exchange in 2017-2020," *SINTAMA: Journal of Information Systems, Accounting and Management*1, no. 1 (2021): 1–16.

⁸Denny, Dedi Haryadi, and Suanti, "Analysis of the Effect of Tax Burden, Profitability, Bonus Mechanism and Exchange Rate on Transfer Pricing in Raw Material Sector Companies on the Indonesia Stock Exchange," *Journal of Accounting* 5 (2024): 43–52.

finding knowledge that uses numerical data as a tool for analyzing data. It can be concluded that quantitative research is a research approach that uses data in the form of numbers and exact sciences to answer research hypotheses.⁹

The data sources used in this study are secondary data from the annual reports of each Transportation and Logistics company listed on the Indonesia Stock Exchange in 2021-2023. Secondary data is various information that already exists and is intentionally collected by researchers which is used to complete the research data needs. Secondary data can be collected through various sources such as books, websites, or government documents.¹⁰

The population used in this study is Transportation and Logistics Companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023. Sampling was carried out using the purposive sampling method, namely a sampling technique that takes into account the criteria, namely; (1) Transportation and Logistics Companies listed consecutively on the Indonesia Stock Exchange from 2021-2023, (2) Transportation and Logistics Companies that did not experience losses in 2021-2023 (3) Transportation and Logistics Companies whose financial reports use the rupiah currency.

Table 1. Sampling Determination Criteria

No	Sample Criteria	Amount
1	Transportation and logistics companies listed consecutively on the Indonesia Stock Exchange during 2021-2023.	(27)
2	Transportation and logistics companies that experienced losses in 2021-2023.	(11)
3	Transportation and logistics companies	(2)

⁹ Marinu Waruwu, "Educational Research Approaches: Qualitative Research Methods, Quantitative Research Methods, and Mixed Method Research Methods," Tambusai Education Journal 7 Number 1 (2023): 2902.

¹⁰ et al Ahmad, Textbook Of Legal Research & Writing Methods, ed. Sepriano & Efitra (PT. Sonpedia Publishing

No	Sample Criteria	Amount
	whose financial reports (annual reports) do not use the rupiah currency	
	The amount studied	14

Based on the established criteria, a sample of 14 companies in the transportation and logistics sector was obtained in 2021-2023 as follows:

Table 2. companies in the transportation and logistics sector

No	Code	Company name
1	ASSA	PT.
2	BIRD	Blue Bird Tbk.
3	BPTR	PT.
4	TRJA	Transcon Jaya Tbk.
5	SAFE	Steady Safe Tbk.
6	ACTION	Mineral Resources Mandiri Tbk.
7	HELLO	Hasnur International Shipping Tbk.
8	JOY	PT.
9	NELY	Nelly Dwi Putra Shipping Tbk.
10	PPGL	PT.
11	TEMPLE	Rajawali Kencana Sons Tbk.
12	SAPX	PT.
13	TMAS	Temas Tbk.
14	TNCA	PT.

Source: Data processed 2024

The dependent variable in this study is Transfer Pricing. Transfer pricing is the price contained in each product or service from one division to another division in the same company or between companies that have a special relationship. The Transfer Pricing variable in this study is calculated with Related Party Transaction.¹¹

$$\text{Related Party Transaction (RPT)} = \frac{\text{Piutang Transaksi Pihak Berelasi}}{\text{Total Piutang}}$$

The Tax Minimization variable in this study is calculated using the effective tax rate which is the comparison of Total Income Tax Expense

Indonesia, 2024).

¹¹ Dila Angraini Laila Nurjanah, "The Effect Of Taxes, Debt Covenants, And Bonus Mechanisms On Transfer Pricing," Journal of Economics, Management and Accounting 1192 (2024): 304-17.

divided by profit before tax.¹² Effective Tax Rate (ETR) is formulated as follows:

$$ETR = \frac{\text{Total Beban Pajak Penghasilan}}{\text{Laba Sebelum Pajak}}$$

Debt covenant explains how managers respond to debt covenants. Managers in responding to violations of debt covenants that are due will try to avoid them by choosing profitable accounting policies. Debt covenants are also one of the ways chosen by companies by choosing a method that increases profits.¹³ Debt Covenant is calculated using the following formula:

$$\text{Debt to Equity Ratio / DER} = \frac{\text{Total Liabilitas}}{\text{Total Ekuitas}}$$

Exchange rate in this study is measured from the profit or loss of company transactions using foreign currency. Exchange rate is calculated from the profit or loss of exchange rate differences divided by profit or loss before tax.¹⁴ The exchange rate is calculated using the following formula:

$$\text{Exchange Rate} = \frac{\text{Laba Rugi Selisih Kurs}}{\text{Laba Rugi Sebelum Pajak}}$$

Results and Discussions

Descriptive Statistical Analysis

Statistical test is a test used to find out the description of the results of independent and dependent variables in research in general. The results of descriptive statistical tests that can provide a description of data from the research conducted are in the form of maximum, minimum, mean, and standard deviation

values. This descriptive statistical test is carried out with the aim that the phenomena and characteristics of data will be easier to understand.

The independent variables used in this study are tax minimization, debt covenant and exchange rate. While the dependent used in this study is transfer pricing, where the variables used in this study are processed using two tools, namely, Ms. Excel and IBM SPSS Statistics 30. This is to facilitate the data processing process. The following are the results of the descriptive statistical test in this study that have been processed using IBM SPSS Statistics 30.

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Tax Minimization	42	,01416	,70024	,2640021	,17798056
Debt Covenant	42	-	10.97468	,8753600	2.84619179
Exchange Rate	42	-,000040	1.02175	,6957135	,25274435
Transfer Pricing	42	,0020	1.68634	,3888450	,44606755
Valid (listwise)	42				

(Source: SPSS Output 30.2024)

From the results of the descriptive statistical analysis of the table above, it can be seen that the total sample in this study was 42 observations from 14 transportation and logistics companies for the period 2021-2023.

Based on Table 3, the results of the descriptive analysis, the value of the transfer

¹²Hamim Tohar Devi Ratnosari, Sasmito Widi Nugroho, "The Effect of Tax Minimization, Debt Covenant, and Foreign Ownership on Transfer Pricing," *Summa: Journal of Accounting and Tax*, no. 2 (2024): 14–28.

¹³Iaila nurjanah, "the effect of taxes, debt covenants, and bonus mechanisms on transfer pricing."

¹⁴Hani Sri Mulyani, Endah Prihartini, and Dadang Sudirno, "Transfer Pricing Decision Analysis Based on Tax, Tunneling and Exchange Rate," *Journal of Accounting and Taxation* 20, no. 2 (2020), <https://doi.org/10.29040/jap.v20i2.756>.

pricing variable as a dependent variable has a minimum value of 0.00020 and a maximum value of 1.68634 and an average value of 0.38884, with a standard deviation value of 0.44606. This means that the lowest value is owned by Transkon Jaya Tbk Company and the highest transfer pricing value is owned by Study Safe Tbk Company.

The tax minimization variable (X_1) as an independent variable has a minimum value of 0.01416, and a maximum value of 0.70024 and an average value of 0.26400, with a standard deviation value of 1.77980. This means that the lowest value is owned by the CompanyNelly Dwi Putri Tbk Shippingand the highest tax minimization value is owned by Adi Sarana Armada Tbk.

The debt covenant variable has a minimum value of -7.20522, and a maximum value of 10.97468 and an average value of 0.87536, with a standard deviation value of 2.84619. This means that the lowest value is owned by the CompanyStudy Safe Tbkand the highest debt covenant value is owned by Prima Globalindo Logistik Tbk.

The exchange rate variable has a minimum value of -0.00040, and a maximum value of 1.02175 and an average value of 0.69571, with a standard deviation value of 0.25274. This means that the lowest value is owned by the CompanyBlue Bird Tbkand the highest exchange rate is owned by Satria Antaran Prima Tbk.

Classical Assumption Test

To obtain good regression results, it is better to conduct classical assumption testing first before analyzing the results of the regression calculations produced. In this study, classical assumption testing was carried out using the test described in the following section:

Normality Test

Before being analyzed, the data is first tested with a normality test. The normality test aims to test whether in the regression model, the interfering variables or residuals have a normal distribution, the data is considered normally distributed if it has no real difference or standard difference with the normal standard. When using statistical tests such as the Kolmogorov-Smirnov test, a variable is considered normally distributed if its significance value is greater than or equal to 0.05. Conversely, if the significance is less than 0.05, the variable or data is declared to be abnormally distributed.

Table 4. Normality Test Results
One-Sample Kolmogorov-Smirnov Test

N		Unstandardized Residual
Normal		42
Parametersa.b	Mean	,000000
	Std. Deviation	,40051273
Most Extreme Differences	Absolute	,118
	Positive	,118
	Negative	-,075
Test Statistics		,118
Asymp. Sig. (2-tailed)c		,154
Monte Carlo Sig. (2-tailed)d	Sig.	,144
	995 Confidence Interval	Lower Bound ,135
		Upper Bound ,153

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

(Source: SPSS 30 Output, 2024)

Based on the results of the normality test in Table 4 using the One Sample Kolmogorov-Smirnov method, the residual value of the dependent variable and the independent variable is 0.154 with a total of 42 observations from 14 companies. Therefore, the data is

normally distributed. This is indicated by a significance value of 0.05 or $0.154 > 0.05$, and the regression model can be used to test the hypothesis.

Multicollinearity Test

Multicollinearity test is used to test whether there is a regression model found correlation between independent variables. Multicollinearity testing is done by looking at the VIF and Tolerance values. If the VIF value is not greater than 10 and the Tolerance value is not less than 0.1, this indicates that there is no multicollinearity problem. A good regression model in this multicollinearity test does not have any correlation between independent variables, meaning that the tolerance value is not less than 0.1. For more details, see the following table

Table 5. Multicollinearity Test

Model	Unstandar dized Coefficien ts	Standar dized Coeffici ents	t	Si g.	Collinearity Statistics	
	B	Std. Error			Toler ance	VIF
Constant	,238	,375	,634	,530		
Tax Minimization	-,423	,524	-,169	,824	,485	2,063
Debt Covenant	-,041	,023	-,259	,072	,990	1,010
Exchange Rate	,429	,370	,243	,162	,484	2,066

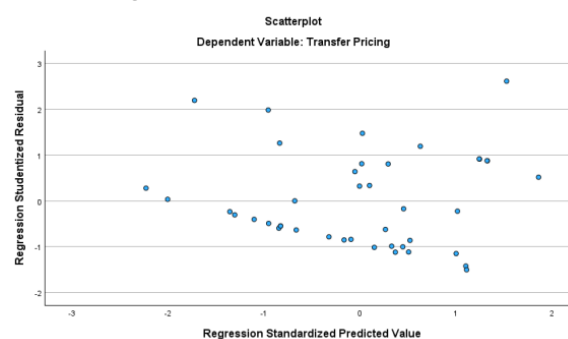
(Source: SPSS Output 30.2024)

Based on the multicollinearity test in table 5 above, it is shown that the tolerance values of Tax Minimization (X1), Debt Covenant (X2) and Exchange Rate (X3) are greater than 0.10 while the VIF values of Tax Minimization (X1), Debt Covenant (X2) and Exchange Rate (X3) are less than 10.00 so it can be concluded that there is no multicollinearity.

Heteroscedasticity Test

The Heteroscedasticity Test aims to test whether in the regression model there is inequality of variance from the residual of one observation to another. The way to detect the presence or absence of heteroscedasticity is by looking at the significance value using the Breusch-Pagan test with a significance value if >0.5 or $= 0.05$ it can be said that there is no heteroscedasticity and vice versa if the significance value is <0.05 then heteroscedasticity occurs. others.

Figure 1. Heteroscedasticity Test



(Source: SPSS30 Output, 2024)

Based on the image above, namely in image 1.1, it can be seen that the plot or points in the image are where the points circulate, above and below around the number 0 and the points in the image above are not patterned, for this reason the data can be said to not have heteroscedasticity.

Autocorrelation Test

The autocorrelation test aims to determine whether there is a correlation between the error disturbances in the regression model. The method used in the autocorrelation test is the Durbin Watson method. The regression model is said to be good if there are no autocorrelation symptoms.

Table 6. Autocorrelation Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,440 ^a	,194	,130	,41602215	1,375

a. Predictors: (Constant), Exchange Rate, Debt Covenant, Tax Minimization

b. Dependent Variable: Transfer Pricing

(Source: SPSS 30 Output, 2024)

Multiple Linear Analysis

Multiple linear regression is an analysis method used to capitalize on the simultaneous effects of independent variables on dependent variables. The goal is to test the relationship between two or more independent variables and the dependent variable. In this study, the independent variables are tax minimization, debt covenant and exchange rate. While the dependent variable is transfer pricing.

Table 6. Multiple Linear Regression Test
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
1 (Constant)	,238	,375		,634	,530
Tax Minimization	-,423	,524	-,169	-,808	,424
Debt Covenant	-,041	,023	-,259	-,177	,084
Exchange Rate	,429	,370	,243	1,162	,253

a. Dependent Variable: Transfer Pricing

(Source: SPSS 30 Output, 2024)

Based on table 1.7, the multiple linear regression equation can be formulated as follows:

$$Y = 0.238 - 0.423X_1 - 0.041X_2 + 0.429X_3$$

The regression equation can be explained as follows:

- 1) The constant value is 0.238, which means that if the tax minimization, debt covenant, and exchange rate values are 0, then the transfer pricing is 0.238.
- 2) The tax minimization coefficient value of -0.423 means that if the other independent variables remain the same and the Tax Minimization value increases by 1%, transfer pricing will decrease by 42.3%. A coefficient with a negative value means that there is a negative relationship between tax minimization and transfer pricing, the higher the tax minimization, the lower the transfer pricing.
- 3) The debt covenant coefficient value of -0.041 means that if the other independent variables remain the same and the debt covenant value increases by 1%, transfer pricing will decrease by 4.1%. A coefficient with a negative value means that there is a negative relationship between debt covenant and transfer pricing, the higher the debt covenant, the lower the transfer pricing.
- 4) The exchange rate coefficient value of 0.429 means that if other independent variables remain the same and the exchange rate increases by 1%, transfer pricing will increase by 42.9%. A coefficient with a positive value means that there is a positive relationship between the exchange rate and transfer pricing, the higher the exchange rate, the higher the transfer pricing.

Hypothesis Testing

Partial t-test

This partial hypothesis test is used to determine whether there is a significant influence of each variable of tax minimization,

debt covenant and exchange rate on transfer pricing or not in the regression model. In this T-test, testing is carried out with a significance or confidence level of 95% or (α) = 0.05 with the following test criteria: if the significance value of $\alpha < 0.05$ and β with a positive direction, then hypotheses 1,2 and 3 are accepted. If the significance value of $\alpha > 0.05$ and β with a negative direction, then hypotheses 1,2 and 3 are rejected.

Table 8. Partial Test Resultst
Coefficienta

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
1 (Constant)	,238	,375		,634	,530
Tax Minimization	-,423	,524	-,169	-,808	,424
Debt Covenant	-,041	,023	-,259	-,177	,084
Exchange Rate	,429	,370	,243	1,162	,253

(Source: SPSS 30 Output, 2024)

Simultaneous F Test

The F test is used to determine the level of significance of the influence of independent variables simultaneously on the dependent variable. The way to find out whether all independent variables have a simultaneous influence on the dependent variable is by comparing the significance level values, the significance value for hypothesis testing is = 0.05 or < 0.05 and if $F_{count} > F_{table}$, then the path coefficient can be continued or accepted.

Table 9. Simultaneous F Test Results
ANOVA

Model	Sum Of Squares	df	Mean Square	F	Sig.
1 Regression	1,581	3	,527	3,045	,040

Residual	6,577	38	,173
Total	8,158	41	

a. Dependent Variable: Transfer Pricing

b. Predictors: (Constant), Exchange Rate, Debt Covenant, Tax Minimization

(Source: SPSS 30 Output, 2024)

Based on the results of the Anova table, it is known that the significance value of the influence of tax minimization, debt covenant, and exchange rate on transfer pricing is 0.040 < 0.05 and the calculated F is 3.045 which is greater than F_{table} which is 2.85, so it can be concluded that H_0 is rejected and H_1 is accepted or said to have a significant positive effect on transfer pricing.

Coefficient of Determination Test (R²)

The coefficient of determination (R²) essentially measures how far the model's ability to explain the variation of the independent variable. The value of the coefficient of determination is zero and one. A small R² value means that the ability of the independent variables to explain the dependent variable is very limited. A value close to one means that the independent variables provide almost all the information needed to predict the variation of the dependent variable.

Table 10. Results of the Coefficient of Determination (R²) Test
Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,440a	,194	,130	,41602215	1,375

a. Predictors: (Constant), Exchange Rate, Debt Covenant, Tax Minimization

b. Dependent Variable: Transfer Pricing

(Source: SPSS 30 Output, 2024)

From the calculation results, the R-squared value of the Equation due to the influence of Tax Minimization, Debt Covenant, and Exchange Rate on Transfer Pricing is 0.130. This means that from the diversity of data explained by the model in this study, 13% is explained by the model, and the remaining 87% is explained by other variables not examined in this study.

The Effect of Tax Minimization on Transfer Pricing

Based on the results of the t-test in table 1.8, it is known that the magnitude of the regression coefficient of the tax minimization variable is -0.423 with a significance value of 0.424. Therefore, the first hypothesis stating that tax minimization has a significant effect on the company's transfer pricing is not supported, because based on the hypothesis test, tax minimization does not have a significant effect on transfer pricing.

This indicates that a large tax burden does not trigger companies to minimize the amount of tax (tax minimization) that must be paid to the state by doing transfer pricing in the hope of reducing the burden. This finding is not in line with agency theory which states that all individuals will act in their own interests, The difference in interests between the principal and agent will affect the company's tax policy. The company as a profit-oriented entity will try to minimize its tax burden (tax minimization)

to achieve maximum profit.¹⁵

The results of this study are in accordance with research conducted by Wulandari and Lindawati (2023) that tax minimization does not have a significant effect on transfer pricing.¹⁶ This study is different from the study conducted by Devi, Sasmito, and Hamim (2024) which found a positive and significant influence of tax minimization on corporate transfer pricing.¹⁷

The Influence of Debt Covenant on Transfer Pricing

Based on the results of the t-test in table 1.8, it is known that the regression coefficient of the debt covenant variable is -0.041 with a significance value of 0.084. Therefore, the second hypothesis which states that debt covenants have a significant effect on the company's transfer pricing is not supported, because based on the hypothesis test, debt covenants do not have a significant effect on transfer pricing. This study is in line with the study conducted by Giffari, Amor, and Uswatun (2023) that debt covenants have no effect on transfer pricing.¹⁸

This means that debt covenant is a debt agreement where the company will be charged with increasing interest expenses, so the company's profit will also decrease so that the manager's decision to use transfer pricing policy is no longer needed. This finding is not in line with positive accounting theory which

¹⁵Diah Kumala Devi and Trisni Suryarini, "The Effect of Tax Minimization and Exchange Rate on Transfer Pricing Decisions with Leverage as Moderating," *Accounting Analysis Journal* 9, no. 2 (2020): 110–15, <https://doi.org/10.15294/aaaj.v9i2.36469>.

¹⁶Wulandari Cahyani Putri and Lindawati Lindawati, "The Effect of Tax Minimization, Exchange Rate and Tunneling Incentive on Transfer Pricing Decisions," *SCIENTIFIC JOURNAL OF REFLECTION: Economics, Accounting, Management and Business* 6, no. 1 (2023): 195–204, <https://doi.org/10.37481/sjr.v6i1.634>.

¹⁷Devi Ratnosari, Sasmito Widi Nugroho, "The Effect of Tax Minimization, Debt Covenant, and Foreign Ownership on Transfer Pricing."

¹⁸Giffari Arfananda, Amor Marundha, and Uswatun Khasanah, "Bonus Mechanism, Company Size, Debt Covenant and Transfer Pricing in Manufacturing Companies Listed on the Indonesia Stock Exchange in 2018-2022," *Journal of Economics, Management, and Accounting* 2, no. 3 (2023), <http://jurnal.anfa.co.id/index.php/mufakat>.

states that companies with high debt ratios tend to choose accounting methods that can increase profits to avoid violating debt agreements. Therefore, the greater the debt covenant, the greater the company tends to implement transfer pricing.¹⁹

This research is different from that conducted by Laila and Dila (2024) who stated that debt covenants have an effect on transfer pricing.²⁰ The second hypothesis is not supported, possibly because companies with large debts are more likely to pay attention to financial stability and debt fulfillment than to implementing transfer pricing practices to maximize profits. When companies are on the verge of violating regulations, they may prefer to maintain the integrity of their financial statements rather than take risks by using transfer pricing strategies.

The Influence of Exchange Rates on Transfer Pricing

Based on the results of the t-test in table 1.8, it is known that the magnitude of the regression coefficient of the exchange rate variable is 0.429 with a significance value of 0.253. Therefore, the third hypothesis stating that the exchange rate has a significant effect on the company's transfer pricing is not supported, because based on the hypothesis test, the exchange rate does not have a significant effect but is positive towards transfer pricing.

The results of this study indicate that the size of exchange rate does not affect the

company's consideration of whether the company will choose to make a transfer pricing decision or choose not to make a transfer pricing decision within the company. Based on positive accounting theory, the exchange rate context can be used to analyze how exchange rate fluctuations affect management decisions related to determining transfer pricing between entities.

The results of this study are in line with research conducted by Nungky and Chaidir (2023)²¹ and Hani, Endah, Dadang (2020)²² which states that the Exchange Rate has no significant effect on transfer pricing. This study is different from that conducted by Denny, Dedy, and Suanti (2024) and Wulandari and Lindawati (2024) who stated that the Exchange Rate has a positive and significant effect on transfer pricing. The failure to support this third hypothesis is likely due to the fact that in the financial reports of the sample companies, not all of them have foreign exchange profit or loss, so that the exchange rate is not the main focus in management's tendency to utilize transfer pricing transactions.

The Influence of Tax Minimization, Debt Covenant, and Exchange Rate on Transfer Pricing in an Islamic Economic Perspective

Tax minimization, debt covenant, and exchange rate simultaneously have a significant positive effect on Transfer Pricing. It can be concluded that these variables can provide a joint influence on price determination. In the perspective of Islamic

¹⁹Novianty and Vito Apriyanto, "Analysis of the Effect of Profitability, Bonus Plan, and Debt Covenant on Tax Avoidance with Transfer Pricing as a Mediating Variable," Jurnal Revenue: Jurnal Akuntansi 4, no. 2 (2024): 571–79.

²⁰Laila Nurjanah, "The Effect Of Taxes, Debt Covenants, And Bonus Mechanisms On Transfer Pricing."

²¹nungky fitriyani makhmudah and chaidir djohar, "the

effect of tax minimization, effective tax rates, and exchange rate on transfer pricing (Empirical Study on Primary Consumer Goods Sub-Sector Companies on the Indonesia Stock Exchange in 2016-2020)," Revenue Journal 3, no. 2 (2023): 429–41, www.idx.co.id.

²²Mulyani, Prihartini, and Sudirno, "Analysis of Transfer Pricing Decisions Based on Taxes, Tunneling and Exchange Rates."

economics, transfer pricing practices are permitted as long as they follow the principles of justice and fairness that are in line with sharia teachings. Research shows that transfer pricing is permitted if the price set in transactions between companies that have a special relationship has gone through an assessment process and is considered fair according to the arm's length principle. This ensures that the transaction does not harm other parties and remains affordable in the fair category, in accordance with the principle of justice in Islam. In this context, the Qur'an reminds us not to harm each other in transaction practices, as stated in QS Al-Baqarah verse 188.

Conclusion

Based on the results of testing and research analysis on the Influence of tax minimization, debt covenants and exchange rates on transfer pricing, a case study of transportation and logistics companies listed on the Indonesian Stock Exchange in 2021-2023, the following conclusions can be drawn;

1. *Tax Minimization* does not have a significant effect on transfer pricing.
2. *Debt Covenant* does not have a significant effect on transfer pricing.
3. *Exchange Rate* has a positive and insignificant effect on transfer pricing.

Tax Minimization, *Debt Covenant*, and *Exchange Rate* simultaneously have a significant positive effect on transfer pricing and from an Islamic economic perspective, transfer pricing practices are permitted as long as they follow the principles of justice and fairness that are in line with sharia teachings.

Credit Authorship Contribution

Fadia Nazwari led the conceptualization

and design of the study, formulated the research questions, and developed the quantitative methodological framework. She was responsible for data collection, statistical processing, and drafting the initial manuscript, including the Abstract, Introduction, Methodology, and Results sections.

Madnasir contributed to the theoretical foundation and critical interpretation of findings from the perspective of Islamic economic law. He reviewed and refined the Discussion and Conclusion sections, ensuring the integration of Sharia governance principles and ethical dimensions into the analytical narrative.

Suhendar provided guidance on the structure of the manuscript, validated the statistical models, and contributed to the literature review on transfer pricing and Islamic finance. He also supervised the overall research process and coordinated revisions based on peer and editorial feedback to ensure scholarly rigor throughout the paper.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper. The authors express their appreciation to the Faculty of Sharia and Law, Universitas Islam Negeri Raden Intan Lampung, for providing institutional resources and academic support throughout the research process.

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