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Tax Dispute Analysis of Transfer Pricing Case Study of Tax Court Decisions 2020-2023

Saraswati Aisya[1], Siti Nuryanah[1]
[1]Universitas Indonesia, Jakarta, Indonesia

Corresponding author e-mail: saraswati.aisya11@ui.ac.id

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Abstract: Tax Disputes of Transfer Pricing still become the most popular tax issue and the challenge for the MNEs' establishment worldwide. Furthermore, this study aims to continue previous research by conducting content analysis on tax court appeal decisions issued in 2020-2023. This content analysis aims to determine taxpayers' business characteristics as an essential indicator for applying the arm's length principle based on the tax court decisions for 2020-2023. The results of this study show that each type of affiliate transaction that experiences a transfer pricing tax dispute has different characteristics of taxpayers with varying conditions of industry according to the sample of the tax court decisions for 2020-2023. From now on, this study should become an information reference for tax auditors in the audit process when determining corrections to transfer pricing tax disputes, as well as encourage taxpayers to be aware of providing a comprehensive analysis of the business characteristics in preparing transfer pricing documentation.

Keywords: Affiliated Transactions, Taxpayer, Tax Dispute, Transfer Pricing

A. Introduction

The Multinational Company is better known as a Multinational Company (MNE) that carries out business and expansions worldwide with various models of arrangement with a decentralized management strategy. However, the decentralized management strategy will provide the impact on each subsidiary to improve efficiency and boost the profit of the MNE (Sebele-Mpofu et al., 2021). Tax efficiency is the one-of-a-kind efficiency that the company will be pursuing. The company can take advantage of the differences in tax rates and the loopholes in tax regulation in different countries with transfer pricing mechanisms (Rogers & Oats, 2022).

The MNE uses the mechanism of transfer pricing to reduce the total tax payable that should be borne by the group of MNEs (Darussalam et al., 2022) (Parmalia & Rosid, 2023). If we assess it from a tax perspective, the transfer pricing scheme has a potential tax avoidance purpose (Kumar et al., 2021). Therefore, a transfer pricing policy should prevent or avoid possible tax avoidance by determining permissible transfer pricing mechanisms that comply with the Arm's Length Principle (ALP).

Transfer Pricing is still the main issue and risk in taxation compared to other tax aspects, according to 87% of respondents from the survey conducted by (Ernst & Global, 2019) and 717 tax and finance executives from more than 20 industry sectors in Americas, Europe, and Asia Pacific (Lorenzo, 2021) (Avenancio-León & Howard, 2022). The survey results show that transfer pricing issues are the business transactions with the most significant tax risk for the company in the past three years (Demirhan, 2019). This survey also predicts that in the next three years, transfer pricing issues related to the purchase and sales of goods, intangible goods, intra-group services, and finance transactions will continue to increase, starting in 2019. Furthermore, the survey result is still the same as the outcome of the survey conducted (Ernst & Global, 2023). The Tax and Financial executives are more concerned about transfer pricing tax disputes than other tax issues (Wealth et al., 2021). The survey result aligns with OECD statements according to their Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. It is a significant challenge for MNEs to determine the Transfer pricing mechanism (Wilkie & Eden, 2023). Furthermore, the issue of transfer pricing is still one of the OECD's focuses on taxation issues related to global economic digitalization (Dyreng et al., 2019). One of the reasons that OECD provides the other approach to prevent tax issues on transfer pricing is in a two-pillar system (Vet, 2023).

In Pillar One, this approach focuses on allocating large share profits to the jurisdictions with the market or users located that meet arm's length principle and physical nexus requirements. One of the ways to establish new taxation rights for the jurisdiction where the market or users are situated is to take part of the remainder of MNE profits, regardless of physical presence, along with the specified compensation determined by applying the arm's length principle for marketing and distribution activities that carried out physically in the market (Hoppe et al., 2019) (Ciaramella, 2023). The discussion between the OECD and several countries who joined the G20's Inclusive Framework on BEPS (IF) has started to discuss the design of Pillar One: Amount B to find the purposeful solutions to overcome issues related to low-risk entities that often experience tax disputes in implementation of arm's length principle (OECD, 2022) (Lenz, 2020). Therefore, transfer pricing remains a central issue in global taxation.

Based on the OECD's guidelines to comply with the arm's length principle as above, Indonesian Taxpayers should report transfer pricing documentation as regulated in Article 3 paragraph (6) and Article 28 paragraph (11) in the Provision of General and Tax Procedures Law (UU KUP) Number 16 of 2009 as amended several times, most recently by Law Number 7 of 2021 related to the Harmonization of Tax Law. Recently, the revealing tax regulation of the specifications needs to be explained in the transfer pricing documents according to Minister of Finance Regulation Number PMK-213/PMK.03/2016 concerning guidelines for regulating procedures for preparing the transfer pricing documentation and additional information informed by taxpayers carrying out transactions with related parties. It is issued on December 31, 2016, and implemented starting Fiscal Year 2017.

The obligation to prepare and submit transfer pricing documents is part of implementing the self-assessment system as regulated by the Provision of General and Tax Procedures Law (UU KUP) Number 16 of 2009. However, implementing the self-assessment system in Indonesia will undoubtedly create a different perspective between taxpayers and the tax authorities when preparing transfer pricing documentation with the arm's length principle. Tax Auditors should test the application of the arm's length principle on affiliated transactions carried out by taxpayers as regulated in Article 18 Paragraph 3 of the Income Tax Law. Types of affiliate transactions examined include sales, purchase, transfer, and utilization transactions of tangible assets; intra-group service provision transactions; transfer and utilization transactions of intangible assets; interest payment transactions; and share sale and purchase transactions.

The tax authorities' tax audits are regulated explicitly in Director General of Taxes Regulation Number 22 of 2013 (PER-22) concerning audit guidelines for taxpayers with unique relationships. In this audit guideline, there are several stages in carrying out the audit, namely determining the characteristics of the taxpayer, choosing a transfer pricing method, and applying the arm's length principle. The crucial first stage is determining accurate attributes of the taxpayer's affiliate and business transactions, making it easier to select reliable comparators and conduct functional analysis. This stage is critical because, according to previous research conducted by (Nofita & Nuryanah, 2022) and (Ningtias, 2021) it is essential to analyse taxpayers' characteristics to determine the fairness of affiliate transactions. This condition occurs when tax auditors and taxpayers have different opinions in concluding the characteristics of taxpayers as stated in the transfer pricing documentation prepared by taxpayers. Therefore, information regarding the characteristics of taxpayers is essential to determine compliance with the principles of arm's length principle (Oats & Tuck, 2019) (Deng et al., 2020).

The previous research conducted by (Nofita & Nuryanah, 2022) and (Ningtias, 2021) only covers certain types of affiliate transactions and does not address the characteristics of the taxpayers. Furthermore, this research will conduct content analysis to determine the characteristics of taxpayers based on the 2020-2023 tax court decision so that it is more up-to-date and relevant to the current world of taxation. In addition, this research tries to use a methodology for sampling decisions to analyse the causes and characteristics of taxpayers who experience tax disputes over transfer pricing based on tax court decisions, which results in a sample size of 86 tax court decisions out of 606 tax court decisions regarding transfer pricing disputes.

B. Methods

This research uses the qualitative method. A case study using qualitative methods is a research methodology that helps explore phenomena in specific contexts through various data sources and explores through multiple lenses to reveal different sides of the phenomenon (Baxter & Jack, 2008) (Zulfiqar et al., 2023). In this study, the researcher used a qualitative approach to understand the taxpayer's characteristics in transfer pricing disputes, the taxpayer characteristics that often-experienced transfer pricing disputes. The research employs a qualitative method for data collection, which includes collecting Tax Court Decisions at Appeal Stages from fiscal year 2020-2023 and extracting relevant information related to the research topic. Data collection also involves literature studies and in-depth interviews with key informants, including tax authorities and consultants.

The data used in this research are the results of manual searches for tax court decisions on the tax court website using filters limited to the tax type (Tørsløv et al., 2023). The number of tax court decisions related to transfer pricing based on data obtained from the Tax Court Secretariat is as follows:

Table 1. Number of Tax Courts Related to Transfer Pricing

Number of Tax Court Decisions Related to Transfer Pricing				
Year	**Partially Accepted**	**Entirely Accepted**	**Rejected**	**Amount of Tax Court Decisions**
2020	38	62	18	118
2021	39	108	12	159
2022	47	90	8	145
2023(*)	57	116	11	184
Total	**181**	**376**	**49**	**606**

Source: Processed by researchers

C. Results and Discussion

The General Analysis of Tax Court Decisions

The sample of tax court decisions used in this research was 86 issued during 2020, 2021, 2022, and 2023. Based on 86 tax court decisions, not only one type of affiliate transaction is subject to transfer pricing disputes. However, there are 15 tax court decisions involving more than one type of affiliated transaction involving transfer pricing tax disputes, as in Figure 1.

Figure 1. Results of Data Collection on Tax Court Decisions

According to the above figure, the 15 Tax Court decisions are classified into five categories of related party transactions: loan interest, intra-group services, tangible assets, intangible assets, and share sale or purchase transactions. As a result, we obtained the following number of decisions:

Table 2. Number of Tax Courts Categorised by Type of Affiliate Transactions

Type of Affiliate Transactions	Number of Tax Court Decisions	Number of A Mix Type of Affiliate Transactions Court Decisions	Total Tax Courts
The Purchase and Sales of Tangible Goods	37	8	45
Intra-Grup Service	21	11	32
The Utilization of Intangible Assets.	12	10	22
Loan Interest Payment Transactions	1	2	3
Share Sale or Purchase Transactions.	0	-	-
A Mix of Different Types of Affiliate Transactions.	15	-	-
	86	**31**	**102**

Source: Processed by researchers

The analysis results show that the type of affiliate transaction that most often experiences disputes is the sale and purchase of tangible assets in 45 tax court decisions. The second place is intra-group services with 32 decisions. Furthermore, the use of intangible assets with 22 decisions and loan interest with three decisions as follows:

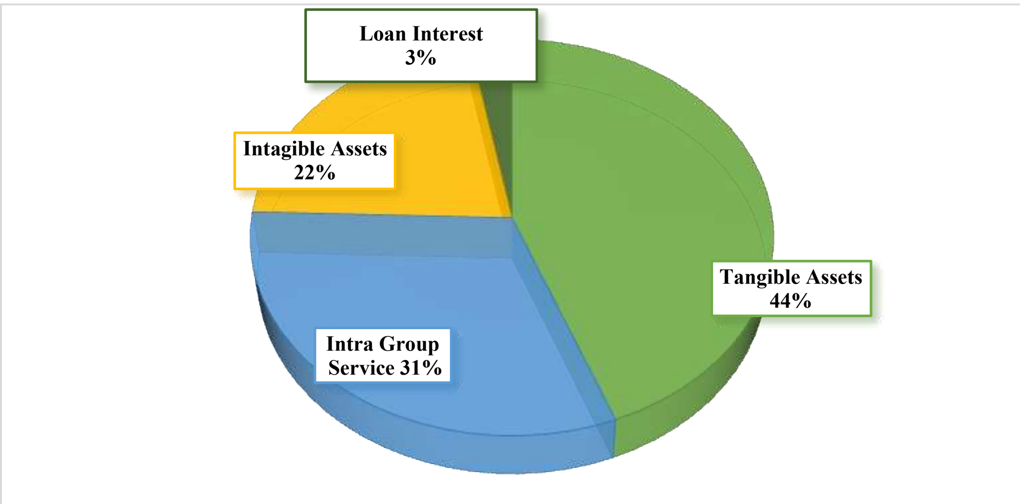

Figure 2. Types of Affiliate Transactions on Tax Court Decisions 2020-2023
Source: Processed by researchers

The Analysis of Taxpayers' Characteristic

Based on the literature review, there are two indicators for analyzing taxpayer characteristics. The condition of the industry and the condition of affiliated transactions. In this study, we will use these conditions to analyse different types of related transactions as follows:

The Condition of The Industry

Classifications of Business Fields and Business Characteristics

From the point of view of the industry, the content analysis results related to taxpayer characteristics through 86 samples of tax court decisions. The information may contain information about industry conditions from the tax court decision regarding conditions such as 1) business characteristics and business field classification (KLU), 2) the affiliated party's country, and 3) the tax rates applicable in the affiliated party's country.

Regarding industry conditions, the content analysis results show that the manufacturing company is the most frequently experienced in transfer pricing disputes. The informants from the appeals and objections directorate, as the tax authority, confirmed that manufacturing is the business sector that taxpayers mainly operate in Indonesia. Therefore, other business models are not as numerous as manufacturers such as distributors, service providers, and other business models such as mining and agriculture, with details as follows:

Table 3. Business Model

Business Model	Type of Affiliate Transactions				
	Tangible Assets	Intra Group Service	Intangible Assets	Loan Interest	
Manufacturing	31	17	19	2	69
	45%	25%	28%	3%	100%
Distributor	11	6	2	1	20
	55%	30%	10%	5%	100%
Service Provider	1	3	0	0	4
	25%	75%	0%	0%	100%
Mining	2	1	1	0	4
	50%	25%	25%	0%	100%
Agriculture	0	5	0	0	5
	0%	100%	0%	0%	100%
Total	45	32	22	3	102
Percentage	44%	31%	22%	3%	100%

Source: Processed by researchers

Based on the results of content analysis in 86 samples of tax court decisions that show many types of business activities carried out by taxpayers. Therefore, all business activities are categorized using the Category and Main Group of Business Field Classification (KLU) to simplify analysis according to the Directorate General of Taxes Regulation Number PER-17/PJ/2015. Furthermore, the 86 tax court decisions regrouped into the type of business characteristic according to the results of the functional analysis by taxpayers. The business characteristics of taxpayers carrying out manufacturing functions include fully-fledged manufacturing, limited-risk manufacturing, contract manufacturing, and toll manufacturing. Meanwhile, based on their function, the types of distributors include total distributors, limited risk distributors, commissioners, and commission agents. However, 44 tax court decisions have unavailable information regarding business filed classification (KLU) and business characteristics.

The results of content analysis from 86 samples of tax court decisions categorized based on KLU and business characteristics show that taxpayers with manufacturing business models, especially full-fledge manufacturing, often experience tax disputes related to sales, purchase, transfer, and utilization of tangible assets. The three main categories and main groups of KLU that share tax disputes related to this type of transaction are as follows: (1) Code Category C is related to the processing industry, with Main Group Code 13 for the textile industry. (2) Code Category C is related to the processing industry with Main Group Code 27 for electrical equipment. (3) Code Category C is the processing industry, with Main Group Code 29 for the motor vehicle, trailer, and semi-trailer industry.

These results indicate that the business characteristic is that taxpayers carry out all functions and bear all manufacturing risks to sell finished goods (Darussalam et al., 2022). Taxpayers have extensive authority to sell finished goods or buy raw materials from affiliated parties. Therefore, the majority of affiliated transactions that occur are related to tangible property transactions such as sales of final goods or purchase of raw material

Furthermore, the content analysis results from 86 samples of tax court decisions categorized based on KLU and business characteristics show that taxpayers with manufacturing business models, especially full-fledged manufacturing, often experience tax disputes related to intra-group services. As explained above, these results are the same as tangible property transactions. However, the categories and main groups of KLU that experience tax disputes related to these transactions are as follows: (1) Code Category C is related to the processing industry, with Main Group Code 10 for the food industry. (2) Code Category C is related to the processing industry, with Main Group Code 24 for the base metal industry.

As we know, this type of manufacturing company can carry out all manufacturing functions, but why do they still need services from affiliates. Therefore, this condition should be the basis for tax auditors to re-test the benefits of this type of affiliate transaction.

This study found no specific business model, KLU, or business characteristics for the affiliate transactions related to loan interest payment due, are there are three tax court decisions related to these transactions. Therefore, according to the content analysis result in 86 samples of tax court decisions, the categories and main groups of KLU that experience tax disputes related to these transactions are taxpayers with a manufacturing business model related to the paper processing industry with contract manufacturing. In addition, taxpayers with a manufacturing business model are engaged in the electricity, gas, steam/hot water, and cold air supply industries with the characteristics of full-fledged manufacturing. Furthermore, the distributor business model in wholesale trade in the repair and maintenance of cars and motorbikes has the business characteristics of a full-fledged distributor. These results show that many taxpayers will make loan interest payments with any specific characteristics.

Other content analysis results from 86 sample tax court decisions categorized based on KLU and business characteristics show that taxpayers with manufacturing business models, especially contract manufacturing, often experience tax disputes related to utilizing intangible assets. However, the main categories and main groups of KLU that share tax disputes over this type of transaction with Code Category C is the processing industry with Main Group Code 29 for motor vehicles, trailers, and semi-trailers. These results indicate that this manufacturing company does not have intangible assets due to their principal providing them for this business characteristic. However, the tax auditor still did fiscal corrections related to these transactions due to the existence and benefit of these transactions. In addition, the Informant from the directorate of appeals and objections emphasized that this type of business often experiences tax disputes related to intangible property transactions because the tax authority considers that these corrections are easy to make due to a contract manufacturing company using a license from an affiliate in the specifications of the goods determined by their affiliate parties.

Furthermore, other content analysis results related to other KLU and other types of business characteristics in 86 samples of tax court decisions show that limited risk distributors are the most experienced in transfer pricing disputes. This distributor type often experiences tax disputes related to sales, purchase, transfer, and utilization of tangible assets. This condition is caused by the characteristics of a limited risk distributor, which is a business characteristic where the taxpayer carries out all distributor activities and functions but bears little or no market risk but still carries out low marketing functions (Darussalam et al., 2022). Therefore, sales and purchase transactions of tangible assets to affiliated parties are often operate with this type of business characteristic, which will give rise to transfer pricing tax disputes. However, the categories and main groups of KLU that experience tax disputes related to these transactions are as follows: (1) Code Category G is related to wholesale and retail trade, including car and motorbike repair and maintenance, with main group Code 46 for wholesale trade, except cars and motorbikes. (2) Code Category G is related to the wholesale and retail trade of car and motorbike repair and maintenance, with main group Code 45 for trade, repair, and maintenance of cars and motorbikes.

Another type of distributor with the same result is the fully-fledged distributor. However, the contract distributor often experiences transfer pricing disputes related to utilizing intangible assets. As we know, these business characteristics have their own nature. This distributor company carries out minimum use of intangible assets. Therefore, the tax auditor still made fiscal corrections to this transaction because they believed this company did not need licenses to sell goods for their affiliate party.

Other KLU and other types of business characteristics, the content analysis shows that taxpayers with business characteristics licensed manufacturing often experience transfer pricing disputes related to the utilization of intangible assets. This condition is caused by a licensed manufacturer's characteristics that need affiliate parties' licenses to produce and sell finished goods. Therefore, taxpayers with these business characteristics often experience transfer pricing disputes related to these transactions.

In addition, the content analysis results in 86 shows three tax court decisions with more than one business characteristic. The first is a taxpayer with the characteristics of a contract and licensed manufacturing. These taxpayers have two types of business characteristics. Taxpayers who have transactions with independent parties are licensed manufacturing, and those with affiliate parties are contract manufacturing. This also applies to taxpayer with tolls and contract manufacturing. When a taxpayer makes a transaction with an affiliated party, it become toll manufacturing. The affiliated party should determine the raw materials. Meanwhile, when the taxpayers become a manufacturing contract, the taxpayer will choose the raw materials themselves.

Affiliated State Party

The content analysis results from 86 samples of tax court decisions were categorized according to the affiliated party's country, resulting in 109 countries. This could lead to a more significant number of decisions because the mapping results show that tax court decision has more than one country and different region in detail as follows:

Table 4. Affiliated State Party

Region	**Type of Affiliate Transactions**				**Total of Tax Courts**
	Tangible Assets	**Intra Group Service**	**Intangible Assets**	**Loan Interest**	
	33	21	15	2	71
Asia	46%	30%	21%	3%	100%
	0	2	2	0	4
Australia	0%	50%	50%	0%	100%
	7	5	6	2	19
Europe	37%	21%	32%	11%	100%
	2	5	2	0	9
America	22%	56%	22%	0%	100%
	3	2	0	0	5
T/A	60%	40%	0%	0%	100%
Total	45	35	25	4	109

Source: Processed by researchers

The results from content analysts are that the most frequent transfer pricing tax disputes with affiliated parties in Asia, such as Japan, Singapore, Indonesia, Malaysia, Thailand, South Korea, Vietnam, Indonesia, Taiwan, India, and Bangladesh are 71 tax court decisions. The second place is countries in the European region such as Switzerland, Germany, Sweden, France, and the United Kingdom, found in 19 tax court decisions. In fourth place is America, especially the United States, with 9 decisions, and Australia was found in 4 tax court decisions. However, the remaining 5 tax court decisions do not provide information regarding the country where the affiliated party is located.

When viewed from the type of affiliate transaction perspective, it is a tangible asset transaction experiencing a transfer pricing tax dispute. Affiliated transactions related to tangible assets, intra-group services, and intangible assets occurred mainly with countries in the Asian region.

Affiliated Parties Country Tax Rates

The results of content analysis from 86 samples of tax court decisions were categorized according to the affiliated party's tax rate, resulting in 109 tax courts due to the mapping results show that tax court decision has more than one country with different tax rates in detail as follow:

Table 5. Affiliated Parties Country Tax Rates

Tax Rates	Affiliate Transaction Types				Total of Tax Courts
	Tangible Assets	Intra Group Service	Intangible Assets	Loan Interest	
< 25%	18	15	4	2	**39**
>25%	16	17	20	1	54
25%	11	3	1	1	16
Total	**45**	**34**	**25**	**4**	**109**

Source: Processed by researchers

The results in Table 5 show that most affiliated party countries that experience transfer pricing tax disputes have tax rates above 25%. On the other hand, tangible asset transactions are dominated by affiliated countries with tax rates above 25%. Affiliate transactions in the form of intra-group services also show the same results as most affiliate transaction partners with tax rates greater than 25%. Furthermore, transactions involving the use of intangible assets it shows that most of the affiliated countries have tax rates above 25%. The last type of affiliate transaction is a loan interest transaction. Loan interest transactions show the tax rate with affiliates was less than 25% or above 25%.

The Condition of Affiliate Transactions

The Information regarding the conditions of affiliated transactions can be analyzed according to the affiliated transaction value and the taxpayer's business turnover based on content analysis in 86 tax court decisions.

Affiliate Transaction Value

The content analysis results on 86 tax court decisions categorized them according to the value of the affiliate transaction summarized in Table 6.

Table 6. Affiliate Transaction Value

Affiliate Transaction Value	Type of Affiliate Transactions				Total of Tax Courts
	Tangible Assets	Intra Group Service	Intangible Assets	Loan Interest	
		In US Dollar			
< $ 1.000.000	3	3	1	1	8
	38%	38%	13%	13%	100%
$1.000.000 - $ 10.000.000	12	3	0	0	15
	80%	20%	0%	0%	100%
> $ 10.000.000	2	0	0	0	2
	100%	0%	0%	0%	100%
		In Rupiah			
< Rp 1.000.000.000	0	3	1	0	4
	0%	75%	25%	0%	100%
Rp 1.000.000.000 - Rp 10.000.000.000	11	8	9	1	29
	38%	28%	31%	3%	100%
Rp 10.000.000.000 - Rp 100.000.000.000	15	12	10	1	38
	39%	32%	26%	3%	100%
> Rp 100.000.000.000	2	3	1	0	6
	33%	50%	17%	0%	100%
Total	**45**	**32**	**22**	**3**	**102**

Source: Processed by researchers

Most affiliate transactions' value related to transfer pricing tax disputes is IDR 10,000,000,000 - IDR 100,000,000,000. Meanwhile, second place is in the range of IDR 1,000,000,000 to IDR 10,000,000,000. The third place is in the range of $1,000,000 - $10,000,000.

Based on the type of affiliate transactions, the result shows that the most frequent affiliate transactions occur in the sale and purchase of tangible assets in the range of Rp 10.000.000.000 - Rp 100.000.000.000 and $1.000.000 - $ 10.000.000. For intra-group service transactions, the most frequent affiliate transactions occur in IDR 10,000,000,000 - IDR 100,000,000,000. Furthermore, the most frequent affiliate transactions occur in utilizing intangible assets from Rp 1.000.000.000 - Rp 10.000.000.000.

The taxpayer's gross turnover

The content analysis results on 86 tax court decisions categorized them based on the taxpayer's gross turnover in transfer pricing dispute, summarized in Table 7.

Table 7. The Taxpayer's Gross Turnover

The Taxpayer's Gross Turnover	Affiliate Transaction Types				Total of Tax Courts
	Tangible Assets	Intra Group Service	Intangible Assets	Loan Interest	
		In US Dollar			
$1.000.000 - $ 10.000.000	2 67%	1 33%	0 0%	0 0%	3 100%
$10.000.000 - $ 100.000.000	6 75%	2 25%	0 0%	0 0%	8 100%
$100.000.000 - $ 1.000.000.000	8 16%	2 4%	1 2%	1 2%	12 24%
> $ 1.000.000.000	1 50%	1 50%	0 0%	0 0%	2 100%
		In Rupiah			
Rp 1.000.000.000 - Rp 10.000.000.000	0 0%	0 0%	0 0%	0 0%	0 0%
Rp 10.000.000.000 - Rp 100.000.000.000	4 50%	3 38%	1 13%	0 0%	8 100%
Rp 100.000.000.000 - Rp 1.000.000.000.000	19 37%	15 29%	15 29%	2 4%	51 100%
> Rp 1.000.000.000.000	4 29%	5 36%	5 36%	0 0%	14 100%
T/A	1 25%	3 75%	0 0%	0 0%	4 100%
Total	**45**	**32**	**22**	**3**	**102**

Based on Table 7 above, the content analysis result shows that the taxpayer's gross turnover is mainly in the range of IDR 100,000,000,000 - IDR 1,000,000,000,000 in 51 tax court decisions. Meanwhile, second place is the range > IDR 1,000,000,000,000 with 14 tax court decisions. The third place is in the range of $100,000,000 - $1,000,000,000. Based on the type of transaction, for all kinds of transactions, the majority of taxpayers with business circulation are in the range of Rp 100.000.000.000 - Rp 1.000.000.000.000.

D. Conclusion

Based on an analysis of 86 tax court decisions, the characteristics of taxpayers who experience transfer pricing tax disputes are as follows: (1) Transfer pricing tax disputes most often occur in transactions related to sales, purchases, transfers, and utilization of tangible assets with taxpayers who have a manufacturing business model related to the processing industry, be it textiles, electrical equipment, and motorized vehicles with the characteristics of a full-fledged manufacturing business. (2) Transfer pricing tax disputes on transactions related to intra-group services transactions and the characteristics of taxpayers who often experience tax disputes over transactions are taxpayers who have a manufacturing business model related to the processing industry, whether it is related to the industry of food, rubber and metal industries with full-fledge manufacturing business characteristics. (3) Transfer pricing tax disputes on the transfer and utilization of intangible assets and the characteristics of taxpayers who often experience tax disputes over these transactions are taxpayers with a manufacturing business model related to the processing industry, whether related to the motor vehicle, trailer, or semi-trailer industry. Rubber and metal industries with contract manufacturing business characteristics. (4) Transfer pricing tax disputes on loan interest payments and the characteristics of taxpayers who experience tax disputes over this transaction are taxpayers who have a manufacturing business model related to the paper processing industry with contract manufacturing business characteristics. This research is expected to be a source of information for the audit/examination team regarding the characteristics of taxpayers who experience transfer pricing tax disputes in various types of affiliated transactions so that they can evaluate the transfer pricing corrections made. From the regulator's side, it is hoped that this research can provide input to regulators in making policies to create guidelines for analysing taxpayer characteristics. Meanwhile, from the taxpayer's perspective, this research can provide information and input to taxpayers so that Taxpayers can prepare a more detailed explanation regarding the characteristics of taxpayers in preparing transfer pricing documentation.

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