Tax Havens, Foreign Ownership, and Transfer Pricing: The Moderating Role of Good Corporate Governance

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ABSTRACT

This study investigates the influence of tax havens and foreign ownership on transfer pricing decisions, with a focus on the moderating role of good corporate governance. The research sample consists of manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange (IDX) during the 2019–2022 period. The purposive sampling method was employed, resulting in a sample size of 27 companies, or 108 observations. Data analysis was conducted using Moderated Regression Analysis (MRA). The findings reveal that both tax havens and foreign ownership positively influence transfer pricing decisions. Additionally, good corporate governance moderates the relationship between tax havens and transfer pricing decisions, but it does not moderate the relationship between foreign ownership and transfer pricing decisions. This study contributes to the academic discourse on international tax policies and transfer pricing regulations. It also advances contemporary management accounting theory by providing insights into the interplay between tax strategies, ownership structures, and corporate governance mechanisms in influencing transfer pricing decisions.

Keywords: Transfer Pricing; Tax Haven; Foreign Ownership; Good Corporate Governance

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Tax Haven, Kepemilikan Asing, dan Keputusan Transfer Pricing (Good Corporate Governance sebagai Pemoderasi)

ABSTRAK

Penelitian ini bertujuan untuk menguji pengaruh tax haven dan kepemilikan asing terhadap keputusan transfer pricing, serta pengaruh good corporate governance dalam memoderasi pengaruh tax haven dan kepemilikan asing terhadap keputusan transfer pricing. Sampel penelitian adalah perusahaan manufaktur sektor barang konsumsi yang terdaftar di BEI periode 2019 – 2022. Metode pengambilan sampel adalah purposive sampling. Jumlah sampel sebesar 27 perusahaan atau 108 observasi. Teknik analisis data yang digunakan adalah Moderated Regression Analysis. Hasil penelitian menunjukkan bahwa tax haven dan kepemilikan asing berpengaruh positif terhadap keputusan transfer pricing. Good corporate governance memoderasi pengaruh tax haven terhadap keputusan transfer pricing, namun good corporate governance tidak memoderasi pengaruh kepemilikan asing terhadap keputusan transfer pricing. Penelitian ini memberikan kontribusi bagi pengembangan kebijakan dan peraturan perpajakan internasional dalam kasus transfer pricing dan teori akuntansi manajemen kontemporer.

Kata Kunci: Transfer Pricing; Tax Haven; Kepemilikan Asing; Good Corporate Governance

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INTRODUCTION

Companies with affiliate structures operating across multiple countries often use transfer pricing as a tool to achieve corporate efficiency (Azis et al., 2023). Transfer pricing refers to the pricing of goods and services in transactions between affiliated parties or entities with special relationships (Khoirunisa & Wahyudin, 2022). This approach enables companies to maximize group profits by leveraging jurisdictional differences, such as variations in tax rates, social and cultural contexts, and legal and political regulations in the countries where affiliates operate. However, this practice can create opportunities to exploit tax loopholes under the guise of corporate efficiency, leading to tax minimization strategies through transfer pricing.

According to the Revenue Statistics in Asia and the Pacific report released by the OECD in 2021, Indonesia's tax ratio in 2021 was 10.9%, significantly below the OECD average of 34.1% and the Asia-Pacific average of 19.8%. Among ASEAN countries, Indonesia ranked fifth, behind the Philippines, Thailand, Singapore, and Malaysia (OECD, 2021b). The performance report from the Directorate General of Taxes in 2022 attributes Indonesia's low tax ratio to inadequate income tax revenue from corporations. Notably, corporate income tax constitutes 20% of Indonesia's total tax revenue, making the system highly dependent on this source. This reliance incentivizes companies to engage in transfer pricing as a means of reducing their tax obligations (DJP, 2022).

The manufacturing sector, particularly the consumer goods industry, has been implicated in notable transfer pricing cases in Indonesia. For instance, PT Nippon Indosari Corpindo Tbk engaged in transfer pricing with PT Indofood Sukses Makmur Tbk and PT Indofood CBP Sukses Makmur Tbk in 2019. This was accomplished by purchasing raw materials from PT Nippon Indosari Corpindo Tbk and selling them to PT Indomarco Prismatama with a profit margin of 36.59% (Putri & Simanjuntak, 2023). Consequently, PT Indofood Sukses Makmur Tbk reported a 4% increase in net profit, reaching IDR 1.4 trillion between the first quarter of 2019 and the first quarter of 2020.

Similarly, PT Nestle Indonesia engaged in transfer pricing with PT Unilever Indonesia Tbk in 2013 by setting purchase prices lower than those offered to other companies. This strategy aimed to minimize taxes and centralize profits (Azis et al., 2023). According to the OECD's Mutual Agreement Statistics for 2021, the resolution of transfer pricing cases increased by 22% that year. However, despite this progress, the time required to resolve these cases lengthened compared to 2020, partly due to companies from various jurisdictions delaying the Mutual Agreement Procedure (MAP).

While MAP provides a non-litigation mechanism to resolve disputes leading to double taxation, additional strategies are necessary to prevent transfer pricing manipulation. Effective supervisory mechanisms and specialized transfer pricing audits can serve as robust tools to ensure compliance and mitigate risks associated with tax avoidance through transfer pricing (OECD, 2021a).

Illegal transfer pricing transactions are often associated with the use of tax havens, as multinational companies shift profits to low or no-tax jurisdictions through transfer pricing manipulation (Irawan & Ulinnuha, 2022). Research by (Bhudiyanti & Suryarini, 2022), (Irawan & Ulinnuha, 2022), and (Azis et al., 2023) has demonstrated that tax havens positively influence transfer pricing decisions. However, contrasting findings by (Syahputri & Rachmawati, 2021) suggest no such effect, highlighting inconsistencies in the literature.

Multinational companies with foreign ownership often exploit affiliates in low-tax jurisdictions to maximize profits in tax havens. Such practices provide significant benefits to foreign investors, especially when they have control and decision-making authority within the company. Prior studies, including those by (Prananda & Triyanto, 2020), (Pangaribuan, 2021), (Hasibuan et al., 2022), (Bhudiyanti & Suryarini, 2022), (Azis et al., 2023), and (Putri, 2023), have consistently shown that foreign ownership positively affects transfer pricing decisions. However, (Purba et al., 2024) found no significant relationship, adding to the debate.

The implementation of good corporate governance (GCG) can act as a mechanism to monitor and regulate transfer pricing practices, particularly those undertaken illegally for tax minimization purposes (Azis et al., 2023). GCG fosters stricter oversight through corporate organs such as the General Meeting of Shareholders (GMS), board of commissioners, and board of directors (Putri et al., 2022). For example, GCG, as measured by the ASEAN CG Scorecard Index, has been shown to weaken the impact of leverage on transfer pricing aggressiveness (Wahyudi et al., 2021). Nevertheless, some studies, such as those by (Nehayati et al., 2023) and (Khoirunisa & Wahyudin, 2022), failed to demonstrate that GCG effectively moderates the influence of financial factors like tax minimization or debt covenants on transfer pricing. These studies often measure GCG using proxies such as audit committee size, which may not capture its broader impact.

Prior research has primarily focused on the moderating role of GCG in the relationship between financial factors (e.g., tax minimization, leverage, or debt covenants) and transfer pricing decisions. However, non-financial factors, such as tax havens and foreign ownership, have not been sufficiently examined in this context. (Azis et al., 2023) found that non-financial factors significantly influence transfer pricing decisions but did not test GCG's role as a moderator for these factors.

This study builds upon the work of (Azis et al., 2023) by incorporating GCG, proxied by the percentage of independent commissioners, as a moderating variable to explore its role in the relationship between non-financial factors (tax havens and foreign ownership) and transfer pricing decisions. This approach extends the literature by addressing gaps related to the influence of non-financial factors on transfer pricing and the moderating effect of GCG on these relationships. Unlike prior studies, this research aims to reconcile inconsistent findings regarding the direct and moderated effects of non-financial factors on transfer pricing decisions.

The study specifically examines consumer goods sector companies listed on the Indonesia Stock Exchange. Its findings are expected to contribute to contemporary management accounting theory, particularly in understanding transfer pricing's role in multinational transactions. In the context of contemporary management accounting, transfer pricing influences cost and revenue allocation between divisions, divisional manager incentives, and corporate tax liabilities across jurisdictions with varying tax rates (Schuster, 2015). Transfer pricing also creates internal markets and raises behavioral issues, serving as a tool for cost management and market penetration strategies.

This research offers practical solutions to transfer pricing challenges by addressing the underlying motives of non-financial factors and emphasizing the importance of GCG as a monitoring mechanism. Strengthening GCG structures can mitigate the risk of transfer pricing manipulation and improve compliance. Additionally, the findings have implications for the development of tax regulations and transfer pricing policies at a multinational level.

From an agency theory perspective, the use of tax havens reflects conflicting motivations between management (agents) and shareholders (principals). While shareholders seek business expansion, management may prioritize personal gains (Bhudiyanti & Suryarini, 2022). Tax havens offer benefits such as lower labor costs, financial confidentiality, and ease of tax avoidance, enabling companies to maximize profits through transfer pricing arrangements with affiliates in these jurisdictions. Previous research, including studies by (Bhudiyanti & Suryarini, 2022), (Hadmoko & Irawan, 2022), (Irawan & Ulinnuha, 2022), and (Azis et al., 2023), has consistently shown that tax havens positively influence transfer pricing decisions.

H$_1$: Tax havens have a positive effect on transfer pricing decisions.

Agency theory posits that conflicts between principals (controlling shareholders) and non-controlling shareholders arise due to weak protection of the latter's rights. Controlling shareholders often possess superior access to information about company activities, creating an imbalance of power (Putri, 2023). In Indonesia, the concentrated ownership structure exacerbates these conflicts, as controlling shareholders are typically in a stronger position to influence control and decision-making, leaving non-controlling shareholders in a vulnerable position. This dynamic can result in the abuse of rights by controlling shareholders, prioritizing personal welfare over the interests of the company as a whole (Evi et al., 2023).

When foreign investors hold a substantial ownership stake—defined as 20% or more—they gain significant control and decision-making authority over company policies and operations. This includes decisions related to pricing strategies and transfer pricing activities, often leveraging affiliates in different jurisdictions to serve their interests. Prior studies, including those by (Prananda & Triyanto, 2020), (Pangaribuan, 2021), (Supriyati et al., 2021), (Hasibuan et al., 2022), (Bhudiyanti & Suryarini, 2022), (Azis et al., 2023), (Nazir & Sanjiwi, 2023), and (Putri, 2023), consistently demonstrate that foreign ownership positively influences transfer pricing decisions. Based on these findings, the second hypothesis is proposed:

H$_2$: Foreign ownership has a positive effect on transfer pricing decisions.

Good corporate governance (GCG) serves as a key organizational structure for directing, managing, supervising, and controlling a company. Within the GCG framework, the board of commissioners plays a central role in overseeing corporate policies and activities, providing guidance to the directors, and ensuring accountability (Yohana et al., 2022). The board must include at least one independent commissioner, appointed through a General Meeting of Shareholders (GMS), who is unaffiliated with major shareholders, directors, or other commissioners (Azis et al., 2023), (Rizkillah & Putra, 2022). Independent commissioners are instrumental in ensuring unbiased oversight, especially regarding management's opportunistic activities, such as transfer pricing manipulation using tax haven jurisdictions to evade taxes and maximize personal profits (Oktaviani et al., 2021), (Yohana et al., 2022).

A higher proportion of independent commissioners enhances independent supervision, mitigating management opportunism and curbing the misuse of tax havens (Yohana et al., 2022). Moreover, independent commissioners can provide oversight on decisions made by foreign controlling shareholders that may conflict with the company's overall objectives (Apriyanti et al., 2020), (Azis et al., 2023). By addressing the information asymmetry between foreign controlling shareholders and non-controlling shareholders, independent commissioners help ensure that corporate policies align with the broader interests of the company (Frisca Tania & Mukhlasin, 2020), (Pradipta & Geraldina, 2021).

Therefore, an increased composition of independent commissioners is expected to reduce the influence of tax havens and foreign ownership on transfer pricing decisions. Based on this reasoning, the following hypotheses are proposed:

H_3: Independent commissioners weaken the influence of tax havens on transfer pricing decisions.

H_4: Independent commissioners weaken the influence of foreign ownership on transfer pricing decisions.

RESEARCH METHODS

This study adopts a quantitative research approach, utilizing secondary data in the form of financial statements, annual reports, and tax haven index reports. The population consists of all manufacturing companies listed on the Indonesia Stock Exchange (IDX). Sampling was conducted using the purposive sampling method, with the following criteria: (1) manufacturing companies in the consumer goods sector listed on the IDX for the 2019–2022 period, (2) availability of complete financial statements and annual reports for the 2019–2022 period, and (3) the presence of foreign ownership within the company. The focus on the consumer goods sector is justified by the prevalence of transfer pricing cases in this sector (Kamalia & Ratnawati, 2024). Based on these criteria, the final sample comprises 27 companies, resulting in 108 observations.

The independent variables in this study are tax haven and foreign ownership. Tax haven status is measured using a dummy variable, assigning a score of 1 to companies with affiliates in tax haven countries as listed in the tax haven index report (cthi.taxjustice.net), and a score of 0 for companies without such affiliates (Devi & Noviari, 2022). Foreign ownership is quantified as the proportion of shares held by foreign investors, including individuals, entities, and governments, relative to the total outstanding shares of the issuer (Azis et al., 2023). The dependent variable is transfer pricing, measured using the Transfer Pricing Index developed by (Gracia & Sandra, 2022). This index is calculated as the total score fulfilled based on five transfer pricing criteria outlined in the study, divided by the total number of criteria (5). The moderating variable, good corporate governance (GCG), is proxied by the proportion of independent commissioners. This is calculated as the ratio of independent commissioners to the total number of board commissioners.

Data analysis was conducted using Moderated Regression Analysis (MRA) with the SPSS 25 software application. The moderation regression model applied in this study is as follows:

TP= a + b1 TH + b2 KA + e (1)

TP= a + b1 TH + b2 KA + b3 KI + b4 TH*KI + b5 KA*KI + e (2)

Where:

TP = transfer pricing
TH = tax haven
KA = foreign ownership
KI = independent commissioner
b1-b5 = regression coefficient
a = constant

RESULTS AND DISCUSSION

Based on the results of descriptive and frequency statistical tests presented in Table 1, which include 108 observations, the average, minimum, and maximum values of each variable were determined. However, the tax haven variable was excluded from descriptive statistical analysis as it is a dummy variable. Dummy variables are binary indicators coded as 1 or 0 to represent the presence or absence of a specific category within a variable. As such, descriptive statistical testing is less informative for dummy variables and is not commonly applied (Bortolotti, 2018). Instead, dummy variables are better analyzed using frequency analysis to evaluate the proportion and probability of occurrence of the represented category within the dataset (Bortolotti, 2018). This approach provides a clearer understanding of the distribution and relevance of the dummy variable within the sample.

Table 1. Descriptive Statistics and Frequency Results

Variables	N	Min	Max	Mean
Transfer Pricing (TP)	108	0.00	0.80	0.2185
Foreign Ownership (KA)	108	0.04	98.21	35.9927
Independent Commissioner (KI)	108	0.25	0.83	0.4313
	Frequency		Percent	
Tax Haven (TH)_Code 0	73		67.6%	
Tax Haven (TH)_Code 1	35		32.4%	

Source: Secondary data processed, 2024

Table 1 reveals that the average value of the transfer pricing variable is 0.2185, with a maximum value of 0.80. This indicates that, on average, companies engage in one type of transfer pricing activity, with a maximum of four types observed within the sample.

The foreign ownership variable has an average value of 35.9927%, with a maximum value of 98.21%. This suggests that, on average, foreign ownership constitutes 35.99% of the total ownership, with the highest recorded percentage being 98.21%. These results indicate that the majority of companies in the sample are controlled by foreign investors, as foreign ownership exceeds the 20% threshold.

The independent commissioner variable has an average value of 0.4313, with a maximum value of 0.83. This means that, on average, independent commissioners comprise 43.13% of the total board of commissioners, with the highest proportion reaching 83%. These findings suggest that most sample companies meet or exceed the minimum requirement of 33% independent commissioners.

Finally, 35 companies, representing 32.4% of the total sample, have affiliates located in tax haven countries. This highlights the significant presence of companies utilizing tax haven jurisdictions within the sample.

Table 2. Normality Test Results

Unstandardized Residual	Predictive Value
Test Statistic	0.079
Sig.	0.091

Source: Secondary data processed, 2024

The normality test results in table 2 show that the significant value of Kolmogorov Smirnov is above 0.05. This means that the residual values in the regression model are normally distributed.

Table 3. Multicollinearity Test Results

Variables	Colinearity Statistics	
	Tolerance	VIF
Tax Haven (TH)	0.988	1.012
Foreign Ownership (KA)	0.988	1.012

Source: Secondary data processed, 2024

The multicollinearity test results in table 3 show that the VIF value is less than or equal to 10 and the tolerance value is above 0.10. This means that there is no multicollinearity among the independent variables.

Table 4. Heteroscedasticity Test Results

Variables	Sig.
Tax Haven (TH)	0.151
Foreign Ownership (KA)	0.077

Source: Secondary data processed, 2024

The heteroscedasticity test results in table 4 show the significance value of the Glejser test is above 0.05. This means that the residuals of the regression model are free from heteroscedasticity problems.

Table 5. Autocorrelation Test Results

Unstandardized Residual	Predictive value
Z	0.789
Sig.	0.430

Source: Secondary data processed, 2024

The results of the autocorrelation test in table 5 using the run test show the significance value of the unstandardized residual of 0.430. This means that there is no autocorrelation because the significance value is above 0.05.

Multiple linear regression tests include simultaneous F tests, coefficient of determination, and hypotheses. The following are the results of multiple linear regression tests in this study.

Table 6. Multiple Linear Regression Results

Variables	Unstandardized Coefficients	Sig.
Constant	0.062	0.068
Tax Haven (TH)	0.112	0.015
Foreign Ownership (KA)	0.003	0.000
Sig. F	0.000	
R Square	0.261	

Source: Secondary data processed, 2024

The results of the multiple linear regression test presented in Table 6 indicate a significance value of the F-test of 0.000. This demonstrates that the tax haven and foreign ownership variables jointly influence transfer pricing decisions. The coefficient of determination (R^2) is 0.261, indicating that 26.1% of the variation in the dependent variable is explained by the independent variables.

The regression coefficient for the tax haven variable is 0.112, with a significance value of 0.015. These findings confirm that tax havens positively affect transfer pricing decisions, supporting H1. This result suggests that when a company has affiliates in tax haven countries, the likelihood of engaging in transfer pricing increases. Tax havens, characterized by low or zero tax rates, enable multinational companies to shift profits to minimize tax exposure. In this study, 32.4% of the sampled companies have affiliates in tax haven jurisdictions, underscoring their use of these affiliates to transfer profits to countries with lower tax rates than Indonesia. These findings align with prior research by (Bhudiyanti & Suryarini, 2022), (Hadmoko & Irawan, 2022), (Irawan & Ulinnuha, 2022), and (Azis et al., 2023). However, they contradict the findings of (Syahputri & Rachmawati, 2021) and (Nazir & Sanjiwi, 2023), which report no significant effect of tax havens on transfer pricing.

The regression coefficient for the foreign ownership variable is 0.003, with a significance value of 0.000. This indicates that foreign ownership positively affects transfer pricing decisions, supporting H2. The results demonstrate that the higher the percentage of foreign ownership, the greater the influence on transfer pricing decisions. Foreign ownership allows companies to engage in transfer pricing transactions that benefit foreign investors (Azis et al., 2023). As profit maximization is the primary goal of investors, companies with significant foreign ownership often use transfer pricing to manage profits through affiliates in different jurisdictions. Affiliated parties, defined by their special relationships, provide opportunities for biased transactions that prioritize profit-sharing among these entities (Anjani et al., 2024). These findings are consistent with research by (Prananda & Triyanto, 2020), (Pangaribuan, 2021), (Supriyati et al., 2021), (Hasibuan et al., 2022), (Bhudiyanti & Suryarini, 2022), (Azis et al., 2023), (Nazir & Sanjiwi, 2023), and (Putri, 2023). However, they differ from the findings of (Hadmoko & Irawan, 2022), (Evi et al., 2023), and (Purba et al., 2024), which suggest that foreign ownership does not influence transfer pricing decisions.

The moderated regression analysis (MRA) results, testing the moderating effects, are presented in Table 7.

Table 7. Moderation Regression Results

Variables	Unstandardized Coefficients	Sig.
Constant	0.143	0.346
Tax Haven (TH)	0.687	0.009
Foreign Ownership (KA)	0.001	0.924
Independent Commissioner (KI)	-0.181	0.629
TH*KI	-1.228	0.034
KA*KI	0.007	0.137

Source: Secondary data processed, 2024

The results of the moderated regression test presented in Table 7 indicate that the coefficient value for the TH*KI variable is -1.228, with a significance value of 0.034. These findings confirm that the independent commissioner variable weakens the effect of tax havens on transfer pricing decisions, supporting H3. A higher proportion of independent commissioners on the board enhances the supervisory function, reducing management's ability to exploit tax haven jurisdictions for transfer pricing activities. This study provides a significant contribution to management accounting theory, highlighting that the structure of good corporate governance, specifically the role of independent commissioners, can mitigate the manipulation of transfer pricing decisions.

Independent commissioners, being free from internal corporate interests, are better positioned to enforce oversight and reduce management's moral hazard in utilizing tax havens for personal gain. These findings offer valuable insights for the development of international tax policies and regulations related to transfer pricing, demonstrating that strengthening the role of independent commissioners can serve as a deterrent against opportunistic behaviors.

Conversely, the coefficient value for the KA*KI variable is 0.007, with a significance value of 0.137. This indicates that independent commissioners do not moderate the effect of foreign ownership on transfer pricing decisions, leading to the rejection of H4. These results suggest that independent commissioners are unable to effectively influence transfer pricing decisions driven by foreign investors.

One potential explanation is the appointment process of independent commissioners through the General Meeting of Shareholders (GMS), where foreign investors, as controlling shareholders, may exert significant influence (Azis et al., 2023). Descriptive statistics reveal that the average proportion of independent commissioners is 43.13%, which falls short of a majority on the board. Even in cases where independent commissioners constitute 83% of the board, their influence remains insufficient to counterbalance the control of foreign investors, who, on average, hold 35.99% ownership and, in some instances, as high as 98.21%.

This imbalance limits the ability of independent commissioners to fulfill their supervisory roles effectively (Pradipta & Geraldina, 2021), undermining their capacity to protect the interests of non-controlling shareholders in alignment with good corporate governance principles. These findings underscore the challenges in implementing governance mechanisms to mitigate foreign investor-driven transfer pricing practices, highlighting the need for more robust frameworks to enhance the oversight capabilities of independent commissioners.

CONCLUSION

Based on the findings of this study, it can be concluded that tax havens positively influence transfer pricing decisions. Companies with affiliates in tax haven jurisdictions are more likely to engage in profit-shifting practices, transferring income from high-tax jurisdictions to low-tax or tax-free countries through transfer pricing mechanisms. This strategy enables companies to minimize tax liabilities and manage profits more efficiently.

The study also reveals that foreign ownership has a positive effect on transfer pricing decisions. The presence of foreign controlling shareholders, who hold decision-making authority, facilitates profit shifting from high-tax to low-tax jurisdictions through transfer pricing policies. This behavior aligns with the interests of foreign owners seeking to maximize personal welfare and reduce tax burdens. The findings indicate that the average foreign ownership in the sample exceeds 20%, a threshold that provides foreign investors with control and decision-making rights, further incentivizing the use of transfer pricing to lower tax obligations.

The results also demonstrate that good corporate governance (GCG), proxied by the proportion of independent commissioners, moderates the relationship between tax havens and transfer pricing decisions by weakening this influence. Independent commissioners play a critical role in supervising management's opportunistic behavior, such as exploiting tax havens for tax avoidance through transfer pricing. However, the study finds that independent commissioners do not moderate the effect of foreign ownership on transfer pricing decisions. This limitation is attributed to the selection process of independent commissioners through the General Meeting of Shareholders (GMS), where foreign controlling shareholders often exert significant influence. The high levels of foreign ownership observed in this study make it challenging for independent commissioners to effectively represent the interests of non-controlling shareholders within the GCG structure.

This study has limitations. The R-squared value of the direct regression model is 0.261, indicating that the independent variables in this model explain only 26.1% of the variation in the dependent variable. Future research could incorporate additional independent variables that are theoretically linked to transfer pricing decisions to enhance the explanatory power of the model. Moreover, the inability of the independent commissioner variable to moderate the effect of foreign ownership suggests the need for exploring other moderating variables within the GCG structure. Future studies could investigate alternative governance mechanisms that might better mitigate the factors influencing transfer pricing decisions.

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