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Research Article

The Effect of Intangible Assets, Firm Size, and Tax Expense on Transfer Pricing in Healthcare Companies Listed on the Indonesia Stock Exchange from 2019 to 2024

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Abstract: This study aims to investigate the impact of intangible assets, firm size, and tax expense on transfer pricing in healthcare companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2024. The research utilizes the annual financial reports of the companies published by the IDX. A quantitative approach was employed with a purposive sampling technique, which resulted in a sample of 12 companies. To analyze the effect of intangible assets, firm size, and tax expense on transfer pricing, the study used Partial Least Squares-based Structural Equation Modeling (SEM-PLS). The findings indicated that intangible assets and firm size had a negative effect on transfer pricing, suggesting that larger companies and those with higher intangible assets tend to engage less in transfer pricing strategies. On the other hand, tax expenses were found to have no significant impact on transfer pricing. These results provide insights into how certain company characteristics influence transfer pricing practices in the healthcare sector. The study's findings also highlight the need for further research to explore other factors that could affect transfer pricing in different industries or countries. Understanding these dynamics can help policymakers and practitioners develop more effective regulations and strategies for managing transfer pricing in multinational corporations.

Keywords: Firm Size; Healthcare Companies; Intangible Assets; Tax Expense; Transfer Pricing

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1. Introduction

The global economy continues to grow rapidly in line with technological advances and increased international trade activity. This development not only opens up new opportunities, but also presents challenges to fiscal stability, as globalization facilitates cross-border transactions (Adelia & Santioso, 2021). Globalization encourages multinational companies to establish business structures spread across various jurisdictions, enabling more efficient management of operational activities and tax expense. One way to achieve tax expense efficiency is through transfer pricing mechanisms, which involve setting prices for transactions between parties that have a special relationship (Purba et al., 2024). This transfer pricing mechanism has become a concern for the global community because such practices have the potential to cause Base Erosion and Profit Shifting (BEPS), which is the erosion of the tax base and the transfer of profits to countries with lower tax rates, thereby potentially reducing state revenue (Organisation for Economic Co-operation and Development (OECD), 2023). The reduction in government revenue due to BEPS can be detected through the tax ratio indicator, which shows the government's capacity to collect tax revenue.

Based on a report by the Direktorat Jenderal Pajak (2020), Indonesia's tax ratio is still relatively low compared to other ASEAN countries such as Malaysia, which has a tax ratio of 10.9%, Singapore at 12.9%, and Thailand at 14.5%, while Indonesia's is 9.22%. This low tax

ratio indicates that Indonesia's ability to collect tax revenue is still not optimal. One of the reasons for this suboptimality is the practice of transfer pricing by multinational companies through cross-jurisdictional transaction structures, which has implications for national tax revenue (Sukrianingrum et al., 2022).

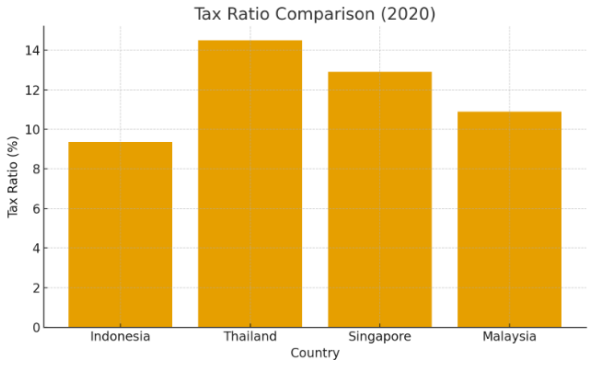

Figure 1. Tax Ratio Comparison

Transfer pricing practices have been observed in several tax cases in Indonesia. In 2016, the Directorate General of Taxes identified approximately 2,000 foreign investment companies (PMA) that did not fulfill their income tax obligations for ten years on the grounds that they had suffered losses, even though in substance these companies had the potential to contribute around Rp 25 billion per entity per year (Direktorat Jenderal Pajak, 2020). This potential contribution indicates a transfer of profits that reduces state revenue. A similar case can be seen in PT Adaro Energy, a mining sector company that is suspected of transferring profits by setting coal prices that do not reflect market value, thereby reducing potential state revenue (CNBC, 2019).

These findings indicate that transfer pricing practices have indeed occurred in the Indonesian business environment, which involves cross-jurisdictional transactions, including in the healthcare sector. Several large healthcare companies, such as PT Siloam International Hospitals Tbk, PT Kalbe Farma Tbk, and PT Prodia Widyahusada Tbk, have international networks and affiliates that enable cross-jurisdictional related-party transactions. The healthcare sector has specific characteristics, namely a high proportion of intangible assets, such as brands, patents, medical technology, and distribution rights, which theoretically increase the likelihood of transfer pricing due to the difficulty of determining the fair value of these assets (Gaspary et al., 2024).

A number of previous studies have examined factors that influence transfer pricing practices, including intangible assets, firm size, and tax expense, but the results remain diverse and inconsistent. Research results Lestari & Hasymi (2022) shows that intangible assets have a significant effect on transfer pricing, but this differs from the results of previous studies Rizkillah & Putra (2022) which states that intangible assets do not affect transfer pricing. Inconsistencies in research results are also seen in the firm size variable, where research results Sa'diah & Afriyenti (2021) shows that firm size has a significant effect on transfer pricing, while research Putri et al. (2023) showed different results. Regarding the tax expense variable, there were also various research results, including research by Syach et al. (2022) states that tax expense affect transfer pricing, whereas Lubis & Yunita (2023) stated that it had no significant effect.

In addition to the inconsistencies found in previous studies, when viewed from the perspective of business sectors, most previous studies have focused on the manufacturing and mining industries, while studies on the influence of intangible assets, firm size, and tax expense on transfer pricing in the healthcare sector are still limited. Therefore, this study is necessary to enrich the literature, broaden the empirical context, and provide a more comprehensive understanding of the factors that influence transfer pricing in the healthcare industry in Indonesia. Based on this description, this study aims to analyze the effect of intangible assets, firm size, and tax expense on transfer pricing in healthcare companies listed on the Indonesia Stock Exchange (IDX) for the period 2019–2024.

2. Literature Review

Agency Theory

This study uses agency theory as a conceptual basis to explain the relationship between the interests of owners and management in business decision-making, including in transfer pricing practices. According to Jensen & Meckling 1976 in Ghozali, (2020) Agency Theory explains the difference in interests between owners (principals) and managers (agents) and the potential for information asymmetry that can influence managerial decisions. Managers who have more extensive information can take advantage of their position by making decisions that tend to be opportunistic. In transfer pricing practices, this condition allows managers to strategically set prices between entities for specific purposes. The influence of transfer pricing becomes even stronger when a company has intangible assets whose value is highly dependent on management estimates and cannot be verified objectively (Dela Mustapa et al., 2022).

Transfer Pricing

Transfer pricing is a mechanism for setting prices for transactions involving goods, services, financial assets, and intangible assets between entities that have a special relationship. These relationships open up opportunities for pricing that does not reflect fair market value, which can be exploited to shift profits through related-party transactions, ultimately resulting in reported profits that are lower than the actual conditions (Ardiyanti et al., 2025; Yolanda et al., 2024). From a taxation perspective, this practice is often used to transfer profits to entities with lower tax rates in order to reduce the company's tax expense (Mayzura et al., 2021; Safira et al., 2021). This motivation is in line with Agency Theory, which explains that managers have incentives to choose strategies that can optimize the company's position, including through tax savings. Therefore, transfer pricing is seen as a strategic instrument in profit shifting practices and in this study is positioned as a dependent variable that reflects the level of profit shifting activities between related parties.

In accounting and taxation research, transfer pricing intensity is generally represented by the proportion of related party balances to total receivables, as this measure illustrates the extent of a company's dependence on internal transactions that could potentially be used for profit shifting (Rizkillah & Putra, 2022). Transfer pricing intensity in this study was measured using the following formula:

$$\text{Transfer pricing} = \frac{\text{Receivables Related Parties}}{\text{Total Receivables}}$$

Intangible Asset through Transfer Pricing

Based on PSAK 19, intangible assets are non-monetary assets that can be identified, have no physical form, and provide future economic benefits, such as patents, licenses, trademarks, software, and other intellectual property rights. As intangible assets, they do not have a clear market reference, so their fair value is highly dependent on management estimates, which ultimately opens up room for subjectivity in the reporting process (Mustapa et al., 2022). In the context of international taxation, the OECD, (2022) classifies some intangible assets as hard-to-value intangibles (HTVI), which are assets whose fair value is difficult to determine because they do not have reliable market comparables. This characteristic makes intangible assets vulnerable to exploitation in related-party transactions, mainly because their value is difficult to verify and relatively easy to transfer between entities within a corporate group (Marito & Putri, 2025). This condition provides managers with the opportunity to exercise discretion in determining transfer prices, in line with the Agency Theory view that managers can choose strategies that optimize the interests of the company, including through profit shifting to reduce tax expense. The greater the proportion of intangible assets in the company's asset structure, the higher the potential for their use in transfer pricing. Referring to Lestari & Azwar (2025), the intangible asset variable in this study is measured using the following formula:

$$\text{Intangible asset} = \frac{\text{Intangible Asset}}{\text{Total Asset}}$$

Previous studies analyzing the effect of intangible assets on transfer pricing still show mixed results. The results of the study by Lestari & Hasymi (2022) state that intangible assets have a significant effect on transfer pricing, while the study by Rizkillah & Putra (2022) states that intangible assets do not have a significant effect on transfer pricing. Therefore, this study formulates the following hypothesis:

H1: Intangible assets affect transfer pricing.

Firm Size and Transfer Pricing

Firm size is a measure that describes the scale of operations and economic capacity of a company, which is generally measured by total assets because it reflects the amount of resources managed by the company (Ruslaini & Linn, 2023). Large-scale companies tend to have more complex organizational structures, higher levels of business diversification, and greater intensity of transactions with related parties. This complexity provides flexibility for management in allocating income and expenses between entities within a business group, thereby increasing the likelihood of transfer pricing practices (Ravensky & Akbar, 2021).

Large-scale companies generally have greater profit stability and operational capacity, giving management more leeway to implement cost or revenue transfer policies through transfer pricing, whether for tax efficiency or performance alignment between business units (Adelia & Santioso, 2021). This is in line with the Agency Theory view, where large company size increases the level of information asymmetry and narrows the principal's ability to monitor managers. This condition opens up opportunities for managers to choose opportunistic strategies, including through profit shifting within the business group. However, on the other hand, large-scale companies generally also have stronger internal and external monitoring mechanisms. These mechanisms limit managers' discretion in making opportunistic decisions, including profit shifting practices through transfer pricing. Stricter supervision from the board of commissioners, external auditors, and higher regulatory compliance requirements for large companies can reduce the likelihood of aggressive transfer pricing practices. The firm size variable in this study is measured using the natural logarithm of total assets with the following formula:

Firm size = Ln (Total Asset)

The results of previous studies on the effect of firm size on transfer pricing are still varied. The results of the study by Sa'diah & Afriyenti (2021) show that the firm size variable has a positive and significant effect on transfer pricing, but the results of the study by Putri et al (2023) state that firm size does not have a significant effect on transfer pricing. Therefore, this study formulates the following hypothesis:

H2: Firm size has a significant effect on transfer pricing.

Tax Ratio and Transfer Pricing

Tax expense is a liability on a company's taxable income consisting of current tax and deferred tax, which is directly affected by net income in the current period (Syach et al., 2022). One of the efforts made by managers to minimize a company's tax expense is through profit transfer mechanisms such as transfer pricing, which is the transfer of income to entities located in jurisdictions with lower tax rates (Lubis & Yunita, 2023). The higher the profit earned by a company, the greater the tax expense it must bear, thus creating an incentive for companies to implement tax saving strategies in order to maintain their financial performance and company value (Ravensky & Akbar, 2021).

The Effective Tax Ratio (ETR) is the ratio of income tax expenses to pre-tax profits, which reflects the level of tax pressure borne by the company (Ayulianti & Mahpudin, 2024). A higher ETR value indicates that the company faces greater tax pressure, thereby encouraging the use of tax management strategies, including transfer pricing. The ETR formula used in this study is:

$$\text{ETR} = \frac{\text{Total Income Tax Expense}}{\text{Income Before Tax}}$$

Previous studies on the effect of tax expense on transfer pricing still show varying results. Syach et al (2022) found that tax expense has a significant effect on transfer pricing, while Lubis & Yunita (2023) stated that tax expense does not have a significant effect on transfer pricing. Therefore, this study formulates the following hypothesis:

H3: Tax expense has an effect on transfer pricing.

Based on the theoretical description and hypothesis development, the relationship between variables in this study is visualized in the following research model:

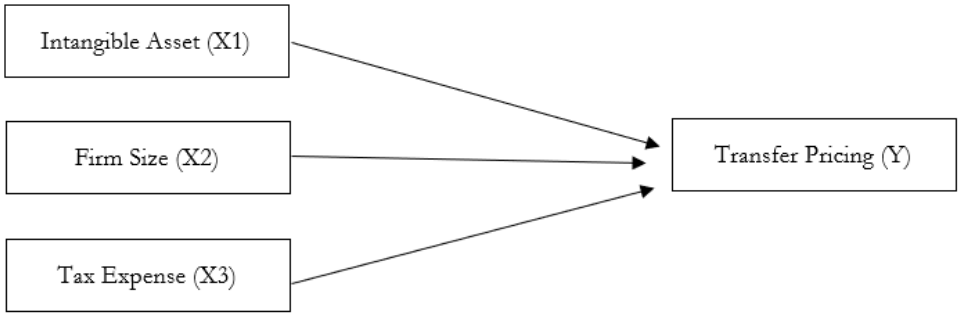

Figure 2. Research Model

3. Research Method

This study uses a quantitative method with Structural Equation Modeling – Partial Least Square (SEM-PLS) analysis. The SEM-PLS approach is used because it supports the research objectives, which focus on predicting and testing relationships between variables based on variance. Hair et al., (2019) recommend the use of SEM-PLS for studies that aim to evaluate the direct effects between variables.

The population of this study included 38 healthcare companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2024. Sample selection was conducted using purposive sampling, which determines the sample based on specific characteristics in accordance with the research objectives (Sugiyono, 2019). he consideration for using purposive sampling was based on the condition that not all companies in the population disclosed the information needed in the study to obtain complete and consistent sample data (Hair et al., 2022). The sample selection criteria established in this study are healthcare sector companies listed on the Indonesia Stock Exchange (IDX) for the 2019–2024 period that: (1) routinely publish complete annual reports during the observation period, (2) include related party receivables transactions as a transfer pricing proxy, and (3) disclose Intangible Asset ownership in their financial statements. Based on these sample criteria, 12 companies were obtained. Considering that the research period was six years, a sample of 72 data points was obtained.

This study uses secondary data in the form of audited annual reports downloaded from the IDX official website. Data processing was carried out using SmartPLS 4 software through several stages. The initial stage was descriptive analysis to provide an overview of the characteristics of the research variables. The next stage was model evaluation. In SEM-PLS, model evaluation generally includes examination of the outer model and inner model. However, since this study uses variables that are each represented by a single indicator, it is not necessary to test convergent validity, discriminant validity, and reliability because these indicators are direct measures of the variables they represent (Hair et al., 2019). Therefore, outer model evaluation is not performed, and the entire evaluation process is directed at inner model analysis, which includes testing the structural relationships between variables.

Hair et al. (2019) state that inner model evaluation includes several tests, namely the coefficient of determination (R^2) test to see the ability of independent variables in explaining dependent variables. The results of the coefficient of determination test are categorized as strong if they have a value of 0.75, moderate with an R^2 value of 0.50, and weak if R^2 has a value of 0.25. Then, the effect size test (f^2) is used to assess the contribution of each independent variable to the dependent variable, with a small category at a value of 0.02, a moderate category at a value of 0.15, and a large category at a value of 0.35. The next test is predictive relevance (Q^2), which is used to assess the model's ability to predict the value of the dependent variable, where if the Q^2 value is greater than 0 ($Q^2 > 0$), it indicates that the model has good predictive ability. In addition, the multicollinearity test was conducted by looking at the Variance Inflation Factor (VIF) value, where the model was declared free of multicollinearity if the VIF value was below 5.0 (VIF < 5.0). Furthermore, the Path Coefficient test uses the bootstrapping procedure to assess the direction and strength of the relationship between variables, with t-statistic > 1.96 and p-value < 0.05 as significant indicators. The results of the inner model evaluation are used to interpret the influence of intangible assets, firm size, and tax expense on transfer pricing.

4. Results and Discussion

Descriptive Statistical Analysis

Descriptive statistical analysis is used to present an initial description of the characteristics of the data for each research variable, including the mean, median, minimum value, maximum value, and standard deviation, which together help to show the pattern of data distribution and general trends of the variables observed (Ghozali, 2021).

Table 1. Descriptive Statistical Analysis

Variable	Mean	Median	Min	Max	Std. Dev
Intangible Asset	0.019	0.010	0.001	0.102	0.022
Firm Size	29.178	29.10	27.15	31.01	0.893
Tax Expense	0.484	0.226	-0.186	7.842	1.126
Transfer Pricing	0.203	0.027	0.000	0.959	0.301

Source: Processed data, 2025

Based on Table 1, the intangible asset variable has an average value of 0.019, indicating that intangible assets only contribute around 1.9% of the total assets of companies in the healthcare sector. The median value of 0.010, which is below the mean, indicates a right-skewed distribution, meaning that most companies have a relatively small proportion of intangible assets. The minimum intangible asset value was found in PT Sarana Meditama Metropolitan in 2019 at 0.001, while the maximum intangible asset value of 0.102 was found in PT Prodia Widyahusada Tbk in the same year. The low standard deviation of 0.022 indicates that the level of variation between companies is relatively small, so that intangible assets in the healthcare sector are considered to be fairly homogeneous.

The second variable is firm size, with a mean value of 29.17 and a median of 29.10, indicating that the distribution of company sizes is relatively symmetrical. The minimum firm size value of 27.15 is the data for PT Indofarma Tbk in 2024, while PT Kalbe Farma Tbk recorded a maximum value of 31.01 in the same year. The standard deviation of 0.893 indicates moderate variation in firm size, so it can be concluded that the scale of healthcare companies tends to be stable and does not show extreme differences between companies.

The tax expense variable has a mean value of 0.484 with a median of 0.226. The much lower median indicates a right-skewed distribution, reflecting that some companies bear a much higher tax expense than others. The minimum tax expense value of -0.186 was recorded by PT Pharos Tbk in 2019 due to pre-tax losses, while the maximum value of 7,842 was found at PT Sejahtera Anugrahjaya Tbk in 2024, which was likely influenced by tax adjustments when experiencing losses. The high standard deviation of 1.126 indicates that the tax expense varies greatly between companies in the healthcare sector.

In the transfer pricing variable, the mean value of 0.203 and the median of 0.027 indicate that most companies have low levels of related-party transactions, while only a few companies record a much larger proportion of transactions, causing the distribution to skew to the right. The minimum value of 0.000 is the data for PT Sejahtera Anugrahjaya Tbk in 2019, while the maximum value of 0.959 is the data for PT Pharos Tbk in 2019. The standard deviation value of 0.301 indicates that there is significant variation in transfer pricing practices between companies, reflecting differences in related party transaction management strategies in the healthcare sector.

Multicollinearity Test (VIF)

Table 2. Multicollinearity Test (VIF)

Variable	VIF
Intangible Asset →Transfer Pricing	1.123
Firm Size → Transfer Pricing	1.100
Tax Expense → Transfer Pricing	1.028

Source: Processed data, 2025

Based on the results of multicollinearity testing using the Variance Inflation Factor (VIF), which is used to ensure that the independent variables do not have excessive linear relationships. Based on the test results, the VIF value for the intangible asset variable was 1.123, which was below 5, the firm size variable showed a value of 1.100, which was also below 5, and the tax expense variable showed a value of 1.028, which was below 5. Hair et al., (2019) stated that a VIF value of less than 5 (VIF< 5) indicates that there is no indication of multicollinearity between variables in the study, so that each independent variable is independent and able to contribute individually without excessively influencing each other.

Testing the Coefficient of Determination (R^2)

Table 3. Testing the Coefficient of Determination (R^2)

Variable	*R- Square*	*R-Adjusted Square*
Transfer Pricing	0.223	0.189

Source: Processed data, 2025

Based on Table 2, the R-square value of the transfer pricing variable is 0.223. This indicates that the intangible asset, firm size, and tax expense variables are able to explain 22.3% of the variation in transfer pricing. According to the interpretation criteria proposed by Hair et al. (2019), an R^2 value in the range of 0.19 to 0.33 falls into the category of weak predictive accuracy. Thus, this model has weak predictive power in explaining the variation in transfer pricing in healthcare companies. However, the Adjusted R^2 value of 0.189 indicates that the model is still feasible to use as a basis for testing the relationship between variables through an inner model, especially in the context of research that focuses on predicting and exploring variable relationships.

Q^2 Predict Test

Table 4. Q^2 Predict Test

Variable	Q^2 Predict
Transfer Pricing	0.156

Source: Processed data, 2025

Based on Table 4, the Q^2 Predict value for the transfer pricing variable is 0.156. This value indicates that the research model has adequate predictive capabilities. According to Hair et al., (2019) value greater than 0 indicates that the research model has predictive relevance. Thus, this model is not only able to explain the relationship between intangible assets, firm size, and tax expense on transfer pricing in the research sample, but also shows sufficient predictive relevance when used to predict new data in the context of the healthcare sector.

Effect Size Test (F^2)

Table 5. Effect Size Test (F^2)

Variable	VIF
Intangible Asset →Transfer Pricing	0.075
Firm Size → Transfer Pricing	0.128
Tax Expense → Transfer Pricing	0.001

Source: Processed data, 2025

Based on Table 3, the effect size (f^2) value shows that the intangible asset variable has an f^2 value of 0.075, which is included in the small effect category (Hair et al., 2019). This indicates that intangible assets make a limited contribution to transfer pricing in healthcare companies. Furthermore, the firm size variable has an f^2 value of 0.128, which is also in the small effect category but is the largest value among the three variables. This finding shows that firm size is the most influential factor on transfer pricing compared to other variables. Meanwhile, tax expense has a very small f^2 value of 0.001, so its effect on transfer pricing can be said to be almost insignificant. Thus, the three independent variables have a weak effect on transfer pricing, with firm size as the most dominant variable.

Hypothesis Test

Table 6. Hypothesis Test

Variable	*Coefficient*	Std.Dev	T-Statistic	P-Values
Intangible Asset →Transfer Pricing	-0.255	0.063	4.061	0.000
Firm Size → Transfer Pricing	-0.331	0.083	3.977	0.000
Tax Expense → Transfer Pricing	-0.028	0.084	0.335	0.738

Source: Processed data, 2025

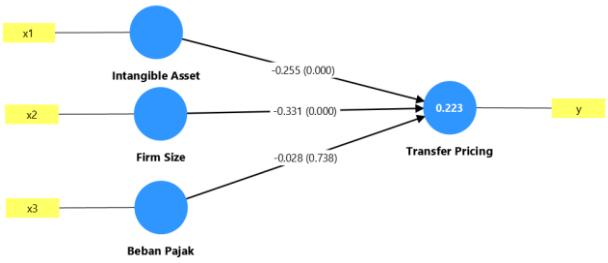

Figure 3. Structural Model

Based on Table 5, the hypothesis test results show the effect of each independent variable on transfer pricing in the healthcare sector listed on the IDX for the 2019-2024 period as follows:

a. Intangible Assets have a negative and significant effect on transfer pricing, with a coefficient of -0.255, a t-statistic of 4.061, and a p-value of 0.000.
b. Firm size has a negative and significant effect on transfer pricing, with a coefficient of -0.331, a t-statistic of 3.977, and a p-value of 0.000.
c. Tax expense has no significant effect on transfer pricing, with a coefficient of -0.028, a t-statistic of 0.335, and a p-value of 0.738.

Discussion

The Effect of Intangible Assets on Transfer Pricing

The test results show that intangible assets have a significant negative effect on transfer pricing ($\beta = –0.255$; $t = 4.061$; $p = 0.000$). This indicates that the greater the proportion of intangible assets owned by healthcare companies listed on the IDX during the 2019-2024 period, the lower the tendency for companies to engage in transfer pricing. This is supported by the results of descriptive analysis, where the average intangible assets in the research sample companies were relatively low at 0.019, reflecting that the intangible asset variable is not a major component in the asset structure.

Agency Theory explains that managers' decision-making space will become more limited when companies have assets whose recording requires formal identification and documentation. This is in line with the provisions in PSAK 19, which requires a clear identification and documentation process for intangible assets, thereby reducing managers' flexibility in utilizing these assets for profit shifting. Thus, an increase in the value of intangible assets does not necessarily increase transfer pricing transactions in the healthcare sector because of restrictions on management's discretion in using intangible assets as a basis for profit transfers in accordance with PSAK 19.

Statistically, the strength of the influence of intangible assets can also be seen from the f^2 value of 0.075, which indicates that intangible assets have a small but relevant influence on transfer pricing, while the R^2 value of 0.223 and Q^2 value of 0.156 indicate a moderate contribution in the model. The results of this study are in line with the results of research by Lestari & Hasymi (2022), which states that the characteristics of intangible assets affect the potential for profit shifting. The results of this study confirm that intangible assets are not an instrument that is easily utilized in transfer pricing practices, so that an increase in intangible assets tends to be followed by a decrease in transfer pricing activities in the healthcare sector.

The Effect of Firm Size on Transfer Pricing

The results of the study show that firm size has a negative and significant effect on transfer pricing ($\beta = –0.331$; $t = 3.977$; $p = 0.000$), meaning that the larger the firm size, the lower the tendency for companies to engage in transfer pricing. The mean value in the descriptive statistical analysis of firm size is 29.18, indicating that most healthcare companies in the research sample are large companies with substantial assets and a more established structure.

From the perspective of Agency Theory, large companies generally have stronger internal and external monitoring mechanisms. These mechanisms limit managers' discretion in making opportunistic decisions, including profit shifting practices through transfer pricing. Stricter monitoring by the board of commissioners, external auditors, and higher regulatory compliance requirements for large companies also reduce the likelihood of aggressive transfer pricing practices.

Statistically, the influence of firm size is also evident from the f^2 value of 0.128, which indicates that firm size has the greatest influence compared to other variables in the model, and this contribution reinforces the role of firm size as an important determinant in transfer pricing decisions. The results of this study are in line with the research by Sa'diah & Afriyenti (2021), which found that large companies tend to be more cautious in conducting transfer pricing due to reputational risks and stricter regulatory oversight. The results of this study confirm that larger healthcare companies are less likely to engage in transfer pricing, mainly due to high levels of supervision and limited managerial flexibility in profit shifting practices.

The Effect of Tax expense on Transfer Pricing

Based on the results of the study, tax expense does not have a significant effect on transfer pricing (β = -0.028; t = 0.335; p = 0.738). This finding indicates that the level of tax expense is not a major consideration in the decision of healthcare sector companies to engage in transfer pricing. Descriptive analysis also shows that the Effective Tax Ratio (ETR) value has a very high variation (standard deviation = 1.126), partly due to companies experiencing losses, resulting in extreme ETR values. This variability illustrates that tax pressure in the healthcare sector is unstable, thus not creating consistent incentives for managers to transfer profits.

From the perspective of Agency Theory, opportunistic behavior by managers tends to arise when there are clear and sustained incentives. The instability of tax pressure in this sector makes transfer pricing less attractive as a tax saving instrument, thereby limiting managers' discretion to utilize it. The consistency of these findings is reinforced by the very small f^2 value (0.001), which indicates that the tax expense contributes almost nothing to changes in the transfer pricing variable. These results are in line with the research by Lubis & Yunita (2023), which also states that the tax expense does not have a significant effect on transfer pricing. Overall, the results of this study confirm that transfer pricing practices in healthcare companies are not driven by tax pressure, so that the tax expense is not a major determinant in transfer pricing decisions during the research period.

5. Conclusion

This study aims to analyze the effect of intangible assets, firm size, and tax expense on transfer pricing in healthcare companies listed on the Indonesia Stock Exchange during the period 2019–2024. The results show that intangible assets and firm size have a negative and significant effect on transfer pricing, while tax expense has no effect. These findings indicate that internal company characteristics, such as asset structure and company size, have a greater influence on transfer pricing practices than tax pressures in the healthcare sector.

This study aims to analyze the effect of intangible assets, firm size, and tax expense on transfer pricing in healthcare companies listed on the Indonesia Stock Exchange during the period 2019–2024. The results show that intangible assets and firm size have a negative and significant effect on transfer pricing, while tax expense has no effect. These findings indicate that internal company characteristics, such as asset structure and company size, have a greater influence on transfer pricing practices than tax pressures in the healthcare sector.

The research model is able to explain some of the variation in transfer pricing practices, so there are still other variables outside the model that have the potential to influence transfer pricing practices in the healthcare sector. Therefore, further research is recommended to add variables such as leverage, profitability, audit quality, ownership structure, and corporate governance factors to improve the predictive power of the model. The research could also be expanded to other sectors or compare multinational and domestic companies to gain a more comprehensive understanding of transfer pricing dynamics in Indonesia.

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