ABSTRACT

TAXATION ASPECTS IN TRANSFER PRICING AND PRACTICAL PROBLEMATIC OF TAX AVOIDANCE

By

YASNI SAMBARINA GINTING

This study is aimed at finding out the determination aspect of transfer pricing in terms of the accounting and taxation as well as seeing any cheating arising from unfair practical of transfer pricing. This research was conducted by using the approach in the exploration of theory through strengthening the study of literature. The testing data was done by analyzing of the cases that occur in the practical of transfer pricing.

The results show that transfer pricing can lead to the loss of potential tax revenue. A Special relationship is the key of transfer pricing practical in the field of taxation. Immoderation in transfer price (non-arm's length price) which is caused by the practical of transfer pricing may occur in: the sale price, the purchase price, allocation of general (overhead costs) and administrative costs, the interest charges on lending by shareholders (shareholder loan), payment of commissions, licenses, franchises, leases, royalty, a reward for service management, and engineering services return and requital for the other services, the purchase of company assets lower than the market price by shareholders (owners) or related party, the sale to the overseas through the less third party/have no business substance.

Transfer pricing problem is solved by a few instruments that can be done as follows: Transfer Price in Taxation Avoidance Agreement (P3B), Corresponding Adjustment through the Mutual Agreement Procedures (MAP), Comparability, Documentation in Transfer Pricing, Thin Capitalization, Sanctions in Transfer pricing.

Key words: Related Parties, Taxation, Transfer pricing.