

Benefit Test Analysis on Intra-Group Services Transactions in Indonesia

Efi Nofita¹, Siti Nuryanah²
{eve.nofita@gmail.com¹}

Universitas Indonesia, Indonesia^{1,2}

Abstract. Intra-group transaction of services between affiliated companies is one of the transactions that has a high transfer pricing risk. This research is motivated by a dispute between taxpayers and the tax authorities in Indonesia related to testing the economic benefits of intra-group service transactions. The benefit test is one of the requirements that must be met by the taxpayer in order to fulfill the arm's length principle. Taxpayers must prove the existence of economic benefits that can add value to the provision of these services. The purpose of this study is to analyze the quality of information of transfer pricing documentation related to the benefits of intra-group transaction services in order to meet the arm's length principle, and identify the ideal quality of information that should be presented in the document. The researcher conducted a content analysis of the summary of information related to the intra-group service benefit test in 147 taxpayer transfer pricing documentation for the period 2017 to 2019, by comparing them with the regulations in Indonesia. Furthermore, the researcher confirmed the findings of the content analysis to the Tax Authorities and Tax Consultants through the interview process. The results of this study indicate that most of documentation in this study does not explain in detail about testing the benefits of intra-group services. Transfer pricing documentation should be described in detail so that can minimize information asymmetry between the authority and the taxpayer and also reduce the risk of disputes. This study has implication that the taxpayers need to provide adequate documentation in testing the economic benefits of intra-group services to reduce tax disputes. For regulators, this research has implications for clarifying benefit testing in transfer pricing documentation reports and the concept of economic benefits.

Keywords: Intra-Group Services, Benefit Test, Transfer Pricing, Transfer Pricing Dispute, Arm's Length Principle

1 Introduction

Multinational Enterprises (MNEs) were established with the aim of maximizing profits from their business activities. In order to optimize the value chain of goods or services in their global business, entities within the MNEs face challenges, whether the transfer pricing policy made by their management is in line with the transfer pricing rules in the country where the MNE operates. One of the affiliated transactions carried out by MNEs that are most likely exposed to high transfer pricing risk is intra-group services. The phenomena of high transfer pricing risk on intra-group services has gained the attention of tax authorities on intra-group service transactions in countries around the world significantly [1]. Tests on the determinants of profit shifting by multinational companies in Rwanda have been carried out through

empirical analysis of a sample of 72 multinational companies, the large taxpayers. The results of this study indicate that profit shifting is strongly influenced by finance costs and intra-group transactions or services as the biggest determining factors [2].

An indication of profit shifting in intra-group services transactions carried out by taxpayers will trigger a dispute during the audit process. As for Indonesia, research on intra-group services transactions shows that the trend of transfer pricing disputes related to the correction of intra-group services transactions in Indonesia is caused by the lack of evidence showing the existence, economic benefits and reasonable costs [3]. Previous studies have mapped the results of appeals in the Tax Court and the Judicial Review case at the Supreme Court regarding disputed intra-group services, issues of existence, economic benefits, documentation and differences in perceptions. This paper fills the gap in benefit test literature of intra-group services by discussing more about the benefit test on intra-group services through content analysis related to the quality of information on the Transfer Pricing Documentation and then interviews stakeholders to confirm the result of this content analysis.

OECD [4] mentions that the problem in transfer pricing analysis for intra-group services besides fairness, is ascertaining whether intra-group services have actually been provided through benefit tests based on actual facts and circumstances. Based on PMK-213/PMK.03/2016 that regulate transfer pricing documentation, taxpayers do not have to explain the economic benefit test in detail. In the other hand the benefit test of intra-group service must meet the testing steps as stipulated in PER-32/PJ/2011, PER-22/PJ/2013 SE-50/PJ/2013, and PMK-22/PMK.03/2020 in order to comply with the arm's length principle. The Tax Authority is guided by PER-32/PJ/2011, PER-22/PJ/2013 SE-50/PJ/2013, and PMK-22/PMK.03/2020 in conducting transfer pricing audit. The guidelines provide more detail on testing the benefits of intra-group services. It must be ensured about the compatibility between the functions performed by the Taxpayer and the types of intra-group services received, the background of the need for services and the clarity of detailed economic benefits for each service. In addition, the taxpayers must ensure that the service is not a shareholder activity, duplicative services, incidental benefit, passive association, or on call services.

There is currently no clear definition of the quality of information that should be conveyed in the TP Doc. However, in the tax regulations, it is stated that the information presented in the Tax Report (SPT) must be submitted correctly, completely and clearly. PMK-213/PMK.03/2016 Article 2 stated that the Transfer Pricing Document (TP Doc) must be held based on the data and information available when the affiliate transaction is carried out. If this is not fulfilled, then the Taxpayer is considered not to have implemented arm's length principle (PKKU). The main problem of this research is described in the research questions as follows:

- a) How is the information related to the economic benefits of intra-group services in the TP Doc matched with the applicable regulations?
- b) What is the quality of the information that must be presented in the TP Doc regarding benefit tests on intra-group services transactions carried out by affiliated companies in order to comply with the arm's length principle?

2 Literature Review

Jensen and Meckling [5] explain agency theory as an agency relationship between principals and agents who manage the use of company resources. In practice there is a possibility of a conflict of interest between the principal and the agent, where the agent has the goal of maximizing the company's profit. According to Eisenhardt [6] agency problems can arise if there are differences in objectives and risks between the agent and the principal (compensation, regulation, management, transfer pricing) and the principal cannot verify the agent's actions. When it comes to transfer pricing, the government acts as the principal who supervise the practice of imposing transfer prices that meet the arm's length concept and the company acts as an agent carrying out the practice.

Chapter VII of the 2017 OECD transfer pricing Guidelines explain the main point "determining whether intra-group services have been rendered". The definition of "have been rendered" should depend on testing whether the service provides the economic or commercial value needed to improve or maintain the company's business position or commonly referred to as a benefit test. Reliable documentation must also be provided by taxpayers to tax authorities to verify that these fees have been incurred by the service provider or have actually been incurred [4].

DGT (Indonesian tax authorities) have regulated the arm's length principle regarding intra-group services transactions between affiliated companies. PER-32/PJ/2011, PER-22/PJ/2013, SE-50/PJ/2013 and PMK-22/PMK.03/2020. Meanwhile, PMK-213/PMK.03/2016 regulates the types of documents and/or additional information that must be kept by taxpayers conducting transactions with related parties. When PER-22/PJ/2013, SE-50/PJ/2013 and PMK-22/PMK.03/2020 compared to the Transfer Pricing Documentation regulation (PMK-213/PMK.03/2016) can be concluded that the regulation on transfer pricing transaction documentation does not regulate in detail the steps for testing the arm's length principle (PKKU) for benefit test on intra-group service transactions.

Simamora and Hermawan [3] examined transfer pricing cases for intra-group service transactions in Indonesia which were resolved at the Indonesian Tax Court and/or Supreme Court in 2013 to 2015. The results showed that the correction of intra-group service transactions by DGT was largely due to proof of existence, problems of economic benefits, and fairness of pricing. The data shows that 56.41% of the Tax Court decisions are in favor of the taxpayer (cancelling the DGT correction) and the rest are in favor of the DGT. As for 80% of the Supreme Court's decision in favor of the taxpayer and the rest in favor of the DGT.

Elisabeth [7] concluded that there are several factors that cause dispute in appeal cases related to transfer pricing for intra-group services, including differences in data and legal interpretations. As well as Wardhana [8], which stated that disputes related to intra-group services were caused by differences of opinion about whether the services were actually delivered. It can be concluded that Indonesia is currently failing to stem aggressive transfer pricing practices by MNEs because the current transfer pricing provisions include a broad definition. In addition, there are many inaccurate interpretations by both taxpayers and tax authorities and inconsistent legal basis of the tax law.

Tambunan [9] examines disputes in intra-group services by using case studies of service disputes within manufacturing companies, obtained from tax court decisions. The purpose of this study is to discuss the causes of the dispute and then compare it with the applicable regulations and relevant references. The results show that transfer pricing of intra-group services is used to shift the profits made by Indonesian manufacturing MNEs.

In accordance with the formulation of the problem and the theoretical framework described above, the authors formulate a framework of thought to answer the research questions. The framework for this research is depicted in Figure 1.

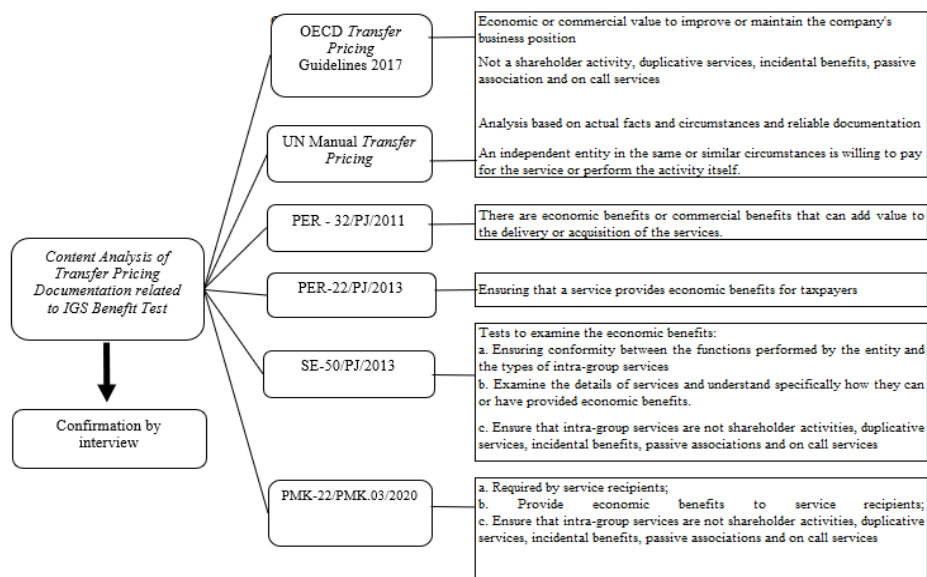


Fig 1. Research Framework

(Data processed from Indonesia Tax regulations, OECD and UN Transfer Pricing Guidelines)

3 Method

The research approach that will be used in this study is a qualitative approach. To answer the research question, the author uses a content analysis of summary or overview of Transfer Pricing Documentation (TP Doc) to analyze whether the benefit test of intra-group services described in the reports had complied with the applicable regulations. In addition, the author conducted interviews with stakeholders to identify the quality of information that must be presented in the TP Doc related to the benefit test on intra-group service transactions in order to comply with the arm's length principle.

Document analysis is carried out on the Summary of Transfer Pricing Documentation (TP Doc) data, which is a document held as the basis for the application of the arm's length principle. Before setting the checklist, the author prepares a mapping of regulations related to the benefits of intra-group services testing. The checklist contains points of framework for the implementation of the arm's length principle which is based on tax regulations in Indonesia and the International TP Guidelines relating to testing the economic benefits of intra-group services, as follows:

- Services are explained specifically and on detail about economic benefits (SE-50/PJ/2013)

- b) Benefit test shows that the service has economic or commercial value to improve or maintain the company's business position (OECD TP Guidelines, UN TP Manual, PER-32/PJ/2011, SE-50/PJ/2013)
- c) Functional suitability analysis and the background of the need for services (SE-50/PJ/2013, PMK-22/PMK.03/2020)
- d) An independent entity in the same or similar circumstances will be willing to pay for the service or perform the service itself (OECD TP Guidelines, UN TP Manual, PER-32/PJ/2011, SE-50/PJ/2013)
- e) Ensure that intra-group services are not shareholder activities, duplicative services, incidental benefits, passive associations and on call services (OECD TP Guidelines, UN TP Manual, PER-32/PJ/2011, SE-50/PJ/2013)

Thus, the content analysis checklist for the benefit test information on intra-group service transactions presented in the Transfer Pricing Documentation (TP Doc) is structured as table 1.

Table 1. Checklist of benefit test information that must be presented in the TP Doc

No	Content analysis checklist on Transfer Pricing Documentation	Explained	Not Explained
1	Explained of Economic Benefits for each Service		
2	Explanation Economic or commercial value enhances the Busine's Position		
3	Explanation of Suitability of Function and Background of Service Needs		
4	Explanation of whether the independent entity is willing to pay for services under the same condition		
5	Testing on Shareholder activity/ Duplication/ on call/ Incidental		

(Data processed from Indonesia Tax regulations, OECD and UN Transfer Pricing Guidelines)

If the TP Doc explains the information in the checklist of Table 3.2, the author will tick "yes" (explained) but if the TP Doc does not explain the information in the checklist, the author will tick "no" (not explained). If these 5 (five) parameters are met and explained in detail in the TP Doc, it can be said that the Taxpayer has maintained reliable TP Doc documentation and the tests have been carried out in detail. In other words, the TP Doc is a form of documentation and the basis for applying the arm's length principles has been presented with good quality. Direct interviews were conducted with tax authorities and tax consultants to confirm the results of the content analysis on the TP Doc overview and to obtain an explanation of the critical points of testing the economic benefits of intra-group services conducted by affiliated companies. Respondents selected are parties who have knowledge, understand regulations and have been practicing in the field of transfer pricing for more than 5 years and have experience in dispute transfer pricing cases, especially disputes on intra-group service transactions.

The author prepares a draft of interview questions based on the applicable transfer pricing framework or regulations. Based on the results of the feedback on the pilot test, the authors changed the interview questions several times so that the final interview questions were grouped based on the issue or subject matter as follows:

- a) Quality of information on benefit test intra group-services in Transfer Pricing Documentation.

- b) Regulations related to Transfer Pricing Documentation and benefit test intra group-services.
- c) Issues in dispute in the inspection of intra-group services.

4 Result and Discussion

Researchers conducted a content analysis of 147 Transfer Pricing Documentation (TP Doc) data from 2017 to 2019 based on a checklist that had been compiled. Table 6.1 below shows the results of content analysis and mapping of information about the benefits of testing intra-group services in the TP Doc based on its compliance or compliance with the 5 (five) testing frameworks above. Based on the results of the data processed in Table 6.1, it is known that on average, information about the economic benefits of intra-group services in the TP Doc is more that is not explained in detail, which is 73% of the sample. The content analysis for each checklist or framework for testing the benefits of intra-group service is explained as follows:

- a) The majority of TP Docs have explained the benefits of testing intra-group services for each service in detail, with an average of 61% of the sample for 3 (three) years.
- b) The effect of these intra-group services on the economic or commercial value that can improve the company's position is not explained and is rarely mentioned in the TP Doc, which is an average of 78% in 3 (three) years.
- c) The majority of TP Docs do not explain the suitability of functions or the background of service needs, which is an average of 80% in 3 (three) years.
- d) Most of the TP Doc studied by the author does not explain the willingness of independent entities to provide the same services under the same conditions to taxpayers, which is an average of 89% in 3 (three) years.
- e) The testing on Shareholder activity, Duplicative services, Incidental Benefit, Passive association, on call services is not much explained in the TP Doc, which is an average of 78% in 3 (three) years.

Table 2. Content Analysis Results for TP Doc Fiscal Year 2017 – 2019

Document Checklist	2017		2018		2019		2017-2019	
Explained of Economic Benefits for each Service								
Explained	20	49%	37	90%	33	80%	90	61%
Not Explained	21	51%	26	63%	10	24%	57	39%
Sub total	41	100%	63	100%	43	100%	147	100%
Explanation Economics/ commercial value improves the Company's Position								
Explained	9	22%	11	17%	13	30%	33	22%
Not Explained	32	78%	52	83%	30	70%	114	78%
Sub total	41	100%	63	100%	43	100%	147	100%
Explanation of the Background of Service Needs								
Explained	3	7%	13	21%	13	30%	29	20%
Not Explained	38	93%	50	79%	30	70%	118	80%
Sub total	41	100%	63	100%	43	100%	147	100%
Explanation Independent entity is willing to pay under the same conditions								
Explained		0%	7	11%	9	21%	16	11%
Not Explained	41	100%	56	89%	34	79%	131	89%

Sub total	41	100%	63	100%	43	100%	147	100%
Testing on Shareholder activity/Duplication/ on call/ Incidental								
Explained	2	5%	13	21%	18	42%	33	22%
Not Explained	39	95%	50	79%	25	58%	114	78%
Sub total	41	100%	63	100%	43	100%	147	100%
Averages in 3 years								
Explained								27%
Not Explained								73%

(Data processed from Indonesia Tax regulations, OECD and UN Transfer Pricing Guidelines)

The author conveys the results of the analysis of the benefits of the intra-group services of TP Doc to the respondents. It is explained that not all TP Docs explain in detail. Respondents' responses to the Content Analysis of TP Documentation are presented as follows:

a) Does the incomplete explanation in the TP Doc violate the provisions of the Transfer Pricing Documentation?

All respondents (Tax Consultants, Tax Auditors and Official Authority from International Taxation) had opinion that the non-fulfillment of the information checklist in the TP Doc does not violate the applicable regulations. The regulations governing documentation in the TP Doc (PMK-213/PMK.03/2016) only regulate minimum requirements and does not explain the detail about PKKU requirements.

b) What is the urgency of explaining the economic benefits of services in detail in the TP Doc?

Most Respondents except Respondent 2 think that the TP Doc should be explained in detail as regulated in the Tax Regulations in Indonesia and generally accepted guidelines so that it can provide a good test of economic benefits. Respondent 1 (Tax Consultant) has opinion that the testing of the economic benefits of services carried out by the Taxpayer must be able to provide adequate assurance to the Tax Authorities. Respondent 3 (Tax Auditor) believes that the TP Doc is the starting point for the Tax Auditor's testing. Respondent 5 (Tax Authority) said that the steps in the preliminary stage of testing intra-group services must also be presented in full. In accordance with PMK-22/PMK.03/2020, if the preliminary stage of testing intra-group services is not carried out, it is considered that the Taxpayer does not implement the arm's length principle (PKKU). But Respondent 2 opinion is the economic benefit test does not need to be presented entirely in the TP Doc. The most important thing is the supporting document and the real implementation can be explained.

c) What are the possible impacts if the economic benefit test of services is not described in detail in the TP Doc? How does this relate to a potential dispute?

Almost all respondents thought that unclear and detailed explanations in the TP Doc could increase the potential for dispute, except for Respondent 2 (Tax Consultant) who argued that unclear and detailed explanations in the TP Doc could not necessarily increase the potential for dispute because the tax auditor had to do an in-depth investigation and further testing of the transaction. Respondent 1 had opinion that the proof of the benefit test is related to the auditor's belief, whether it is true that the service is really needed by the taxpayer. Respondent 3 (Tax Auditor) opinion is there is logical consequence that if the transaction explanation is not explained in detail, it is likely that the time and effort made by the examiner will be longer/deep, while there are constraints on the testing period so that it will increase the risk of dispute. However, the risk of dispute can also be influenced by the auditor's understanding, cooperative taxpayers, and whether the supporting data can be collected. Respondent 4 (Tax

Auditor) is of the opinion that the TP Doc is the initial door for auditing affiliate transactions so that it needs to be explained in detail.

d. Does reliable documentation include TP Doc as well as transaction support documents, or does it only include transaction support documents?

All Respondents (except Respondent 2) are of the opinion that reliable documentation means that both documentation in the TP Doc and supporting documents must be presented completely. Economic benefit testing measures have been set out in the SE-50. The economic benefits need to be presented in the TP Doc in detail, to give the tax authorities confidence. Respondent 2 (Tax Consultant) is of the opinion "analysis based on actual facts and circumstances and reliable documentation" means that it must be ensured that the intra-group service has been rendered. Service delivery is considered to have actually been carried out if the service user can prove it through sufficient documentation and competent. The most important is that the taxpayer can prove and explain reliable documentation when tested by the tax auditor.

Based on the results of the content analysis, it is known that the majority of TP Docs do not explain in detail the economic benefits of intra-group services, which is an average of 73% of the sample from 2017 to 2019. If 73% of TP Docs do not explain in detail the information on the economic benefits of services and not supported by adequate supporting documents, the information gap between tax authorities and taxpayers is getting bigger so that 73% of the sample is at risk of increasing dispute.

Documentation of service transactions on the TP Doc that does not explain in detail about the economic benefits of services can be said that it didn't violate the applicable provisions, as stated by all respondents, because there are no rules that regulate it in detail. The majority of respondents thought that a detailed explanation in the TP Doc should be done in order to increase the examiner's confidence. Meanwhile, on the other hand, the proof is at the expense of the taxpayer. Based on Article 14 PMK-22/PMK.03/2020, if the preliminary stage of testing intra-group services is not carried out, it is considered that the Taxpayer has not implemented the arm's length principle.

Based on tax regulations, taxpayers are required to conduct a benefit test on intra-group services transactions to prove "services have been rendered" [4]. The Tax Authority has the task of testing taxpayer transactions whether they have applied the arm's length principle according to the guidelines in PER-43/PJ/2010, PER-22/PJ/2013, PMK-213/PMK.03/2016 and PMK-22 /PMK.03/2020. To reduce disputes with the Tax Authorities, Taxpayers must provide detailed and sufficient documentation, both presented in Transfer Pricing Documentation and in supporting documents. Complete and detailed documentation will help the Examiner to obtain adequate assurance on the transaction, streamline the examination time and reduce the risk of dispute.

Jensen and Meckling [5] explain the friction of interest between the agent and the principal in agency theory. Eisenhardt [6] mentions that agency problems arise when the desires or goals of the principal and agent conflict and it is difficult or expensive for the principal to verify that the agent has behaved appropriately. Meanwhile, Akerlof (1970) in Boučková [10] mentions the characteristics of agency theory problems including information asymmetry, moral hazard and adverse selection. Information asymmetry occurs because the taxpayers have greater knowledge and information on the transactions they carry out compared to the tax authorities. During the audit process, taxpayers are given the opportunity to prove and conduct discussions with the tax authorities. In relation to the economic benefit test in intra-group transactions, what can be done by the Taxpayer is to provide as complete documentation as possible, explain the transaction and benefit test in detail along with the supporting

documents, in accordance with applicable regulations. The tax authorities must be able to understand business processes, industry and types of taxpayer service transactions well so that they can determine whether or not the taxpayer's explanation and supporting documents are complete. The time limit in tax audits will also create challenges in testing taxpayer transactions.

Wardhana [8] states that the tax court judge argued that the opinion that the use of management fees must meet the following minimum requirements: actual services incurred, relevant to the activities of taxpayers, and actual fees paid to the parent company. The risk that may occur if the document for testing the benefits of intra-group services is not clear and detailed is that the tax examiner does not get sufficient assurance whether the services paid are relevant and needed and whether the economic benefits of intra-group services are actually received by the taxpayer. Such inadequate confidence can lead to a dispute between the taxpayer and the tax examiner.

The important thing that must be considered by taxpayers is how the explanation given can provide adequate confidence to taxpayers. Dinda (2012) in Tambunan [9] states that tax disputes in intra-group service transactions begin when the tax authorities do not believe that the taxpayer meets the benefit test. Disputes may be caused by substance and/or documentation issues. Biswas (2016) in Tambunan [9] states that documentation is very important in transfer pricing transactions. UN (2017) explains that "the tax authority of the recipient would be seeking to ensure that the services in question satisfy the benefit test and that the recipient was being charged arm's length prices for the intra-group services". Here it is explained that the tax examiner will carry out inspections and tests to ensure that the services received by the taxpayer have satisfactorily fulfilled the benefit test.

Regarding intra-group service disputes, the majority of DGT's corrections are due to the fact that taxpayers do not provide sufficient supporting evidence. The supporting evidence is expected to show the services and benefits received [3]. The tax auditor may think that the explanation that is not detailed and detailed about the transaction expense for the use of the service is a red flag or an alarm for an indication of reducing the tax burden, so that the auditor will dig deeper into the transaction, including the request for proof.

OECD Transfer Pricing Guidelines Paragraph 5.5 states that the first objective of Transfer Pricing Documentation is to ensure that taxpayers have given proper consideration in setting prices and transactions. The next objective is to provide the necessary information to the tax authorities to assess the risk of transfer pricing transactions informed by the taxpayer, as well as to provide useful information to the tax authorities in the audit process of transfer pricing practices, although the taxpayer may need to complete documentation with additional information during the audit [4]. It can be concluded that the TP Doc as the starting point for transfer pricing inspections should provide useful information to the tax authorities when conducting testing (tax audits) and assessing the risk of the transaction. Thus, the TP Doc should be able to provide quality information, which is needed by the tax authorities in testing the benefits of intra-group services transactions so that tax auditors can conduct transfer pricing risk assessments that are informed by taxpayers.

The issue of economic and commercial benefits is also an important matter to be discussed. Tambunan [9] states that if taxpayers cannot show direct economic and commercial benefits from the services provided, they must be able to show how the services provided affect profit or cost efficiency or reduce costs due to the services provided. However, OECD [4] paragraph 7.32 mentions that it may be necessary to consider not only the immediate impact of a service, but also its long-term effect, given that some costs will never actually result in a benefit. Paragraph 7.32 of the OECD states that taxpayers and tax authorities need

to consider not only the direct impact of services, but also the long-term effects of a service. This is necessary because there are some costs that will never actually generate benefits [4]. One example is spending on marketing services does not necessarily increase sales or have a direct impact at that time. In addition, there are also services that are difficult to assess for their economic or commercial benefits.

The tax regulations in Indonesia also have not specifically regulated this service with low added value, so the DGT needs to make further regulations on this matter. Paragraph 7.54 of the OECD describes benefit tests for low value-added services which are difficult to perform or may require greater effort than the total cost. Therefore, the tax administration should not question the benefit test for these services as long as the documentation and reporting of these services are sufficient [4].

5 Conclusion

Results of this research concluded that most of the taxpayer's Transfer Pricing Documentation did not explain in detail about the benefit test. The cause is Transfer Pricing Documentation rules are not clearly regulated regarding the application of arm's length principle for intra-group services that must be presented by taxpayers. However, the presentation of incomplete information in the Transfer Pricing Documentation increase the risk of dispute between the taxpayer and the tax auditor.

Based on the results of the interview, it is known that the quality of intra-group service information that must appear in the Transfer Pricing Documentation Report, in addition to cover the minimum requirements stipulated in the PMK-213 regulation regarding Transfer Pricing Documentation, the report must also fully explain about steps of benefit test, at least a detailed explanation of economic benefits, economic benefits/ commercial that enhance the business position, explanation of background of service needs, testing of Shareholder activity/ Duplication/On call/ Incidental and supporting documents.

So that in the end, good quality information (clear and complete) in Transfer Pricing Documentation is expected to reduce administration costs or compliance costs for taxpayers and make audits process become more effective so as to reduce the risk of dispute. The less information contained in the Transfer Pricing Documentation, the greater the risk of dispute and uncertainty for taxpayers caused by the disparity of information between taxpayers and the tax authorities. The ambiguity of the benefit test in the Transfer Pricing Documentation can reduce the tax auditor's level of confidence in the transaction, thereby increasing the potential for dispute.

This research is limited to researching Transfer Pricing Documentation from 2017 to 2019 in Jakarta. The author also do not analyze further about the characteristics of taxpayers because no detailed taxpayer information and identity were obtained. The last, the does not use Likert scale in analyzing the Transfer Pricing Documentation.

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