

Comparative Studies of Tax Administration on Transfer Pricing

Studi Komparasi Administrasi Pajak Transfer Pricing

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Abstract

Transfer pricing practices are employed for tax avoidance by shifting profits through transactions with related parties. This study aims to provide recommendations for Indonesia's transfer pricing tax administration by examining the transfer pricing practices of Australia, the United Kingdom, the United States, China, Japan, Singapore, and South Africa. This research adopts a qualitative approach using literature review and descriptive statistics from the countries included in the study sample. The findings of this study indicate ten considerations for reconstructing transfer pricing administration: tax authorities should have relevant and reliable comparable data, collaborate with other entities to acquire comparable databases, optimally utilize the Automatic Exchange of Information for Country by Country Reports, leverage technology, enhance the skills of the tax authority and taxpayer personnel, establish an Alternative Dispute Resolution, consider using profit split method, promptly resolve transfer pricing issues and disclose Advance Pricing Agreement data, implement safe harbor rules, and educate taxpayers on transfer pricing regulations.

Keywords: *tax administration, tax avoidance, transfer pricing.*

Abstrak

Praktik transfer pricing dilakukan untuk penghindaran pajak dengan pergeseran laba melalui transaksi dengan pihak yang memiliki hubungan istimewa. Penelitian ini bertujuan untuk memberikan rekomendasi administrasi pajak atas *transfer pricing* di Indonesia dengan melihat praktik *transfer pricing* yang dilakukan Negara Australia, Inggris, Amerika, Cina, Jepang, Singapura, Afrika Selatan. Penelitian ini menggunakan pendekatan kualitatif dengan menggunakan studi literatur dan statistik deskriptif dari negara-negara yang dijadikan sampel penelitian. Hasil dari penelitian ini menunjukkan 10 pertimbangan dalam rekonstruksi administrasi *transfer pricing* yaitu otoritas pajak harus memiliki data pembanding yang relevan dan handal, menjalin kerjasama dengan entitas lain dalam perolehan database pembanding, memanfaatkan secara optimum *Automatic Exchange of Information* untuk *Country by Country Report*, memanfaatkan teknologi, meningkatkan keterampilan sumber daya manusia otoritas pajak dan wajib pajak, memiliki *Alternative Dispute Resolution*, mempertimbangkan penggunaan metode



transfer pricing profit split, penyelesaian segera masalah *transfer pricing* dan mengungkapkan data *Advance Pricing Agreement*, menerapkan *safe harbour* dan mengedukasi pengetahuan wajib pajak atas aturan *transfer pricing*.

Kata kunci: administrasi pajak, *tax avoidance*, *transfer pricing*.

Introduction

The era of globalization and advancements in technology, transportation, and communication has driven international trade. The free flow of goods and services significantly impacts a country's economy. According to PER 22/PJ/2013, multinational companies operate across multiple countries to gain advantages from economies of scale in the production and sale of goods, expand market share, and increase efficiency in supply chain management for the entire business group. Multinational companies generally attempt to avoid taxes by shifting profits from one country to another through transactions between related parties located in different countries (cross-border transactions). Profit shifting can also occur between related parties within the same country (domestic transactions) by exploiting differences in tax rates caused, among other things, by the treatment of final or non-final Income Tax in certain business sectors, the treatment of Luxury Goods Sales Tax, or transactions with taxpayers who are oil and gas contract contractors (Karyadi & Irawati, 2017).

Transfer pricing is a potential cause of reduced state tax revenue because it is used to minimize operational performance and taxes by optimizing tax regulations as a primary priority for companies (Huda et al., 2017). This poses a risk for tax administration in every country concerning the possibility of tax avoidance through transactions between multinational companies within a business group located in different countries, as well as within the domestic scope.

Indonesia has implemented transfer pricing policies since 2009. However, when viewed from the tax ratio, the existing policies have not significantly impacted tax revenue. In terms of handling APA and MAP cases, only 21 out of 54 unilateral and bilateral APA cases were resolved, and only 70 out of 130 MAP cases were resolved during 2018. Considering this phenomenon, this study aims to provide recommendations for reconstructing Indonesia's transfer pricing administration by examining transfer pricing practices in Australia, the United Kingdom, the United States, China, Japan, Singapore, and South Africa.

Agency Theory

According to Jensen & Meckling (1976), agency theory arises due to the agency relationship between the tax authorities and taxpayers. This relationship creates a conflict of interest due to information asymmetry, where taxpayers possess more or better information than the tax authorities. This leads to agency problems, which incur agency costs through the monitoring of transfer pricing activities to ensure taxpayers fulfill their tax obligations according to the applicable tax regulations, without causing harm to the state.

Neoclassical Economics

From a neoclassical economic perspective, companies operate as efficiently as possible to achieve their objectives. As taxpayers, companies are driven by profit maximization motives, rationally comparing options and choosing the most beneficial ones. One such activity is transfer pricing with related parties (Johnson et al., 2000). Kirchle et al. (2014) stated that while trust is good, control is better, suggesting efforts to prevent tax avoidance behavior. However, rigid control and high penalties might have undesired side effects, influenced by psychological variables such as attitudes toward taxation, social norms, and perceived fairness by taxpayers.

Earnings Management and Tax Avoidance

Transfer pricing is viewed as a tax management strategy employed by companies to maximize profits and minimize tax liabilities (Plesner Rossing and Rohde, 2010). From a neoclassical perspective, tax avoidance is seen as enhancing company value because the saved taxes can be reinvested or returned to shareholders (opportunity cost). However, from an agency perspective, tax avoidance can lead to wealth transfer from shareholders to managers or from non-controlling to controlling shareholders (Desai et al., 2007; Chan et al., 2016), ultimately reducing state tax revenues.

Transfer Pricing

Tax authorities identify transfer pricing as a common form of tax avoidance (Chan et al., 2016). In management accounting (Horngren, 2012), a transfer price is the price at which one subsidiary or upstream division sells goods and services to another subsidiary

or downstream division. Transfer prices are artificial prices used when transferring goods or services within the same company. According to PER 32/PJ.2011, transfer pricing involves setting prices for transactions between domestic taxpayers or Permanent Establishments in Indonesia and foreign taxpayers. Transfer pricing is regulated by domestic laws, and in Indonesia, it is governed by the Income Tax Law Article 18, requiring affiliated transactions to adopt the "arm's length principle" and conduct comparative analysis to determine comparable transactions, providing transfer pricing documentation. The OECD (2015) provides international standards for transfer pricing in BEPS Actions 8-10.

Tax Compliance, Tax Administration, and Information Exchange

Jackson and Milliron (1986) define tax compliance as reporting all income, tax liabilities, and payments to tax authorities correctly. The Forum on Tax Administration (FTA) in OECD (2013) states that tax compliance involves registration, filing, reporting, and payment. Tax compliance strategies have shifted towards more responsive and collaborative tax administration (Larsen and Oats, 2019), promoting transparency and proactive approaches to enhance compliance before tax returns are filed (OECD, 2013). Effective and efficient tax administration is crucial for implementing tax policies. Rosdiana and Irianto (2014) highlight that efficiency can be seen from both the tax authorities' and taxpayers' perspectives. Efficient tax administration occurs when tax collection costs are less than the taxes collected, and compliance costs for taxpayers are minimized. Boll (2014) recommends strengthening the analysis of tax administration processes in transfer pricing. Gueydi and Mahmoud (2019) note that the Automatic Exchange of Information (AEOI) allows tax administrations to send and receive large amounts of data automatically, impacting how tax administrations operate.

Methods

This study employs a qualitative approach, utilizing literature review and descriptive statistics from countries selected as samples. The aim is to reconstruct transfer pricing administration in Indonesia to be advanced, effective, and efficient by adopting best practices from countries representing each continent. Developed countries are

represented by Australia (Australia), the United Kingdom (Europe), the United States (America), and China, Japan, and Singapore (Asia). South Africa (representing Africa, which does not have a developed country) is included as a developing country with a high tax ratio (29.5%) according to the OECD, alongside Indonesia. This research uses secondary data obtained from the OECD, KPMG, the tax directorate websites of the respective countries, and the annual reports of the tax authorities in each country. The data are then interpreted and analyzed based on theories and previous research.

Results and Discussion

Transfer Pricing Practices in Various Countries

The transfer pricing practices in each country can be seen in the appendix of this paper. All countries in the sample have transfer pricing policies that largely refer to the international standards set by the OECD Tax Model Convention Transfer Pricing Guideline (TPG) and the Base Erosion and Profit Shifting (BEPS) Actions 8-10 (OECD, 2015), which align transfer pricing outcomes with value creation. Based on practices in Australia, the United Kingdom, the United States, China, Japan, Singapore, and South Africa, this study provides several recommendations for constructing an advanced, effective, and efficient transfer pricing administration in Indonesia.

Firstly, the Indonesian Tax Authority must have its own database of comparable data, particularly domestic comparables, as the basis for transfer pricing examinations or analysis. According to KPMG (2015), Indonesia currently uses internet searches to find comparable prices, which is fraught with data unreliability. Falcao (2010) found that identifying comparable transactions is particularly challenging for developing countries, which often lack the necessary capacity to supply the required data for developing benchmarks. Developing countries tend to import benchmarks from developed countries like the United States, the United Kingdom, or Japan; however, implementation can be problematic due to differences in supply, demand, market conditions, and business practices between related-party transactions in developed and developing countries. Most of the sample countries have guidelines for comparative analysis and prefer using their domestic databases. For instance, Australia uses a comparison of similar companies during the audit/review process and relies on its own public company database rather than foreign comparisons, applying multi-year analysis (usually five years). The United

Kingdom uses its own database and Amadeus for European databases, accessing the latter only when domestic data are unavailable. The United States uses the US Securities and Exchange Commission database for public companies but may also use regional and other reliable databases. China and Japan both have their own confidential databases but are also open to using other data (as detailed in the appendix).

Secondly, the Indonesian Tax Authority should collaborate with other institutions or agencies to prevent tax avoidance through transfer pricing and to gather comparable data. For example, the tax authority could work with the Ministry of Trade, the Ministry of State-Owned Enterprises, the Financial Services Authority, and other relevant ministries/agencies/entities. Cooperation with Indonesian embassies worldwide can also help supply data to build a foreign comparable database. According to KPMG (2015), the South African Revenue Service (SARS) collaborates with the South African Reserve Bank to monitor financial inflows and outflows. Neluvhalani, Rendani, and Olaogun (2008) state that technically, transfer pricing documentation is not just an obligation but also a crucial hygiene factor for doing business in South Africa. Royalty, license, and patent payment agreements from South African resident companies to non-residents must be approved by the Department of Trade and Industry (DTI), which generally operates safe harbors. Royalty, license, and patent payment agreements from South African resident companies (not manufacturing) to non-residents must be approved by the South African Reserve Bank (SARB), which coordinates continuously with SARS to ensure transfer pricing policies meet the Arm's Length principle. However, given Indonesia's limited human resources, such collaboration might delay the delivery of service fees and royalties and prolong audits. Therefore, current collaboration efforts should focus more on obtaining comparable databases in cooperation with other institutions.

Thirdly, the Indonesian Tax Authority should optimally utilize the Automatic Exchange of Information (AEOI) for Country-by-Country Reporting (CbCr) to build a comparable database and prevent tax avoidance through transfer pricing. CbCr contains information on income allocation, taxes paid, and business activities per country/jurisdiction for all group members, both domestic and foreign. It includes a list of group members and their main business activities per country/jurisdiction, presented in a specific format according to international standards. The CbCr reports are exchanged with tax authorities of countries/jurisdictions that have a Qualifying Competent Authority

Agreement (QCAA) with Indonesia, as stipulated in international agreements, through the AEOI system. Reciprocally, Indonesia will also receive CbCr exchanges from the countries/jurisdictions where the parent entities of Indonesian taxpayers are domiciled. According to the annual report of the Tax Authority, in 2018, Indonesia received country reports from 33 countries/jurisdictions. This data should be optimized, processed, and analyzed to build a comparable database and prevent tax avoidance practices, as stated by Gueydi, Salah, and Abdellatif (2019). AEOI puts pressure on tax administrations to utilize this data for risk assessment, audits, data management, and tax collection.

Fourthly, the Indonesian Tax Authority should utilize technology optimally for transfer pricing examinations. For instance, the Singapore Tax Authority uses computer analytics to select transfer pricing targets based on predetermined criteria (KPMG, 2015).

Fifth, Enhancing Human Resource Knowledge and Skills. The Indonesian Tax Authority must enhance the knowledge and skills of its human resources concerning transfer pricing (TP) transactions and increase the number of examiners skilled in transfer pricing. KPMG (2015) states that Indonesia needs to improve its trained personnel, partly because no Mutual Agreement Procedures (MAP) have been concluded despite several negotiations. The United States, through its tax authority (IRS), seeks to enhance the skills and knowledge of tax officers by sharing knowledge, problem-based analysis, additional training, testing, and issuing various training guides on international tax and transfer pricing topics, including TP dispute resolution, TP reviews, and TP documentation. These guides are available to the public on the IRS website. China, on the other hand, plans to recruit more tax authorities and train them in transfer pricing to support the Advance Pricing Agreement (APA) Program and reduce current barriers in the application and conclusion process.

Sixth, Implementing Alternative Dispute Resolution Mechanisms. The Indonesian Tax Authority should establish Alternative Dispute Resolution (ADR) mechanisms by implementing cooperative tax compliance and improving relationships between Account Representatives (AR) and the Tax Authority through trust. This can be achieved by optimizing ARs with adequate TP skills to review TP transactions together with taxpayers and maximizing the role of Quality Assurance in the TP examination process. Some countries charge fees for the APA process. All countries, including Indonesia, have APA, MAP, objections, and appeals as administrative approaches to avoid disputes. However,

Australia, the United States, and South Africa use ADR as an administrative approach to resolving issues before the objection, appeal, etc., through enhanced engagement programs. These programs improve the relationship between taxpayers and the tax authority by building trust, thereby increasing TP information transparency and assisting taxpayers in fulfilling their TP obligations. This helps reduce compliance costs due to expensive consultant fees (tangible) and intangible costs incurred if proceeding to further stages.

Seventh, Considering the Profit Split Method. The Indonesian Tax Authority should consider using the profit split method as one of the TP methods based on the disclosure of related parties and consolidated financial data to determine the economic sharing for Indonesia. According to Hutagaol (2019), the profit split method has never been used in Indonesia because Indonesian entities are assumed to perform routine functions. Based on KPMG (2015), Japan frequently uses the profit split method because it is more effective in calculating TP through economic sharing.

Eighth, Resolving Transfer Pricing Issues and Disclosing APA Data. The Indonesian Tax Authority should promptly resolve TP issues and disclose APA data in the annual report or public forums, as all sample countries except Indonesia do. China's State Administration of Taxation (SAT) periodically announces APA in the annual report and discloses APA Program developments. According to APA annual report statistics, more taxpayers seek certainty and use APA as a reference, reducing repeated examinations and lowering both tangible and intangible compliance costs.

Ninth, Implementing Safe Harbour Provisions. The Indonesian Tax Authority should implement safe harbor provisions, allowing taxpayers or transactions meeting certain criteria to be exempt from TP administration and proving transaction fairness, thereby reducing compliance costs based on priority and materiality potential. Safe harbor provisions can include threshold values based on income, transactions, or industry type. For example, Singapore exempts gross income under SGD 10 million from TP documentation requirements, Japan exempts MNC groups with consolidated income under 100 billion yen or controlled transactions with one related foreign party under 5 billion yen and intangible transactions with foreign parties under 300 million yen. In Australia, safe harbor provisions include simplified TP pricing for specific industries and

materiality levels. Singapore also has safe harbor provisions for specific transactions, such as loans not exceeding SGD 15 million, similar to the United States for certain loans.

Tenth, Educating Taxpayers on Transfer Pricing Rules. The Indonesian Tax Authority should educate taxpayers on TP rules. KPMG (2019) noted that the United States and China educate taxpayers to reduce compliance costs. This can be combined with the sixth point by implementing cooperative tax compliance through the empowerment of Account Representatives or outreach programs.

Transfer pricing practices are employed for tax avoidance through profit shifting with related parties, which can result in losses for the state. Therefore, an advanced, effective, and efficient transfer pricing administration is needed in Indonesia. Learning from the best practices of transfer pricing in Australia, the United Kingdom, the United States, China, Japan, Singapore, and South Africa, ten administrative measures for transfer pricing need to be constructed:

Conclusion

Transfer pricing practices are carried out for tax avoidance by shifting profits through transactions with related parties, which can cause losses to the state. Therefore, advanced, effective, and efficient transfer pricing administration construction is needed in Indonesia. Learning from the best practices of transfer pricing in countries such as Australia, the United Kingdom, the United States, China, Japan, Singapore, and South Africa, there are ten administrative aspects of transfer pricing that need to be constructed. First, the Tax Authority must have its own comparative data, especially domestic comparative data. Second, establish cooperation with other institutions/agencies in obtaining comparative databases and tax avoidance efforts. Third, optimally utilize Automatic Exchange of Information (AEOI) for Country by Country Report (CbCr). Fourth, possess and utilize technology in conducting TP examinations. Fifth, improve TP skills for the human resources of the tax authority. Sixth, have an Alternative Dispute Resolution (ADR). Seventh, consider the use of the TP profit split method. Eighth, immediately resolve transfer pricing issues and disclose APA data. Ninth, implement safe harbour. Tenth, educate taxpayers about transfer pricing rules.

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Appendix 1 Comparison of Transfer Pricing Administration in 8 Countries

	Negara Maju						Negara Berkembang	
	Benua Australia	Benua Eropa	Benua Amerika	Benua Asia			Benua Afrika	
	Australia	Inggris	Amerika	China	Jepang	Singapura	Indonesia	Afrika Selatan
A. The Arm's Length Principle								
Legislation/Regulation TP	Ya	Ya	Ya	Ya	Yes	Ya	Ya	Ya
Peran pedoman OECD (Transfer Pricing Guideline) dalam legislasi TP domestik	Ya, ikut TPG	Ya, ikut TPG	Ya, tp tidak di mention mengikuti TPG	Ya, ikut TPG	Ya, ikut TPG	Turunan dari TP OECD. Singapura memiliki pedoman sendiri (lapan pengakuan APA, penambahan 5% untuk routine support services, penyesuaian akhir tahun diperbolehkan)	Ya, ikut TPG	Ya, ikut TPG
Definisi related party ada dalam regulasi	Tidak (berlaku untuk semua entitas yang mendapatkan manfaat pajak di Australia dari non arm's length cross-boarder condition) tanpa memperhatikan related atau non related sesuai dengan term yang digunakan oleh International Dealings Schedule (IDS)	Ya	Ya	Ya	Ya	Ya	Ya	Ya
B. Transfer Pricing Method								
Metode Transfer Pricing yang digunakan	Tidak secara khusus. Metode atau kombinasi metode yang paling tepat dan dapat diandalkan dgn memperhatikan semua faktor (Paragraph 815-125 (2) Income Tax Assessment Act 1997 (ITAA 1997), mengikuti OECD	Ya. 5 metode OECD	Ya, 6 dengan lainnya (variasi metode income, market cap dan acquisition price methods)	Ya. 6 (metode lain menjuk pada metode penilaian aset seperti pendekatan biaya, pendekatan pasar dan pendekatan pendapatan, dan beberapa metode lain yang sejalan dengan prinsip "keuntungan harus dikenakan pajak di wilayah hukum tempat kegiatan ekonomi terjadi dan nilai diciptakan".	Ya. 5 metode OECD	Tidak. Singapura memiliki Singapore Transfer Pricing Guidelines yang memandu penetapan metode harga transfer yang dapat digunakan pembayar pajak untuk menentukan TP dengan Pihak terkait	Ya 6 (termasuk others: valuation technique, market based approach, dll)	Ya. 5 metode OECD
Kriteria Most appropriate method digunakan dalam implementasi TP method	Ya	Ya	Ya	Ya	Ya	Ya	Ya	Ya

	Negara Maju						Negara Berkembang	
	Benua Australia	Benua Eropa	Benua Amerika	Benua Asia			Benua Afrika	
	Australia	Inggris	Amerika	China	Jepang	Singapura	Indonesia	Afrika Selatan
C. Comparability Analysis								
Pedoman comparability analysis	Ya	Ya	Ya	Tidak	Ya, ikut TPG	Ya	Disebut secara khusus	Tidak ada secara khusus
Preferensi dalam yuridiksi untuk menggunakan pembandingan domestik lebih dari pembandingan LN	Ya semua halnya setara. Prefer menggunakan pembandingan domestik namun tergantung fakta, kondisi dan ketersediaan data yang handal.	Ya. HMRC prefer menggunakan Pembandingan UK base activity, dalam praktik Pembandingan Eropa diterima ketika data UK terbatas	Tidak	Tidak.	Ya (prefer lokal km beda kondisi pasar), diantaranya data dari inspeksi pada bisnis sejenis)	Ya (sebis mungkin menggunakan pembandingan lokal, kalau tidak ada gunakan pembandingan regional) (OECD). Menggunakan multiple year data untuk komparabilitas (KPMG)	Tidak secara spesifik disebutkan menggunakan pembandingan ase (OECD). Dalam peraturan diharuskan menggunakan multiple year average namun dalam praktik ITO menggunakan single year analisis (KPMG)	Tidak secara spesifik
Data Komparasi yang digunakan	menggunakan studi perbandingan perusahaan sejenis selama proses audit atau review, database perusahaan publik dan lebih menggunakan komparasi luar negeri, dan analisis menggunakan multi year analisis (biasanya 5 tahun).	Menggunakan database sendiri dan Amadeus untuk pencarian eropa, HMRC memiliki akses terhadap database eropa	US securities and Exchange Commission memiliki persyaratan pelaporan yang rinci untuk perusahaan publik digunakan untuk database TP dan kadang dibandingkan dengan data Kanada. Untuk pihak asing yang diuji IRS menerima pembandingan apapun (pembandingan AS, Global, regional) sepanjang fakta dan keadaan spesifik dan keandalan data tersedia. US dapat menggunakan data apapun sehingga digunakan Standard and Poor's Compustat database untuk mengidentifikasi pembandingan perusahaan secara worldwide (termasuk Disclosure Mergent, Orbis GlobalVantage, Worldscope OneSource, Osisus) termasuk non-US databases yang digunakan oleh income tax treaty partners.	Otoritas pajak memperbolehkan menggunakan data pembandingan publik tapi Cina memiliki data pembandingan rahasia dalam pemeriksaan TP. Public company data derived from commercial databases and other sources, few databases such as Bureau van Dijk's Osisus database, and Standard and Poor's Research Insight database	Jepang memiliki pembandingan rahasia. Selain itu memiliki database ORBIS, Compustat dan lainnya	IRAS terus menggunakan analitik komputer untuk memilih target audit harga transfer, dan terus mengirimkan kuesioner harga transfer kepada pembayar pajak untuk menilai tingkat kepatuhan harga transfer mereka.	ITO menggunakan Osisus and Oriana database lainnya juga digunakan. Dalam praktik otoritas pajak menggunakan internet searches dalam usaha untuk menerapkan CUP	umumnya menggunakan Bureau van Dijk Orbis database. SARS bekerjasama dengan South African Reserve Bank untuk memonitor inflow and outflow arus uang dari dan ke africa selatan
Legislasi memperbolehkan dan menyarankan menggunakan arm length range dan statistical emasure. Untuk menentukan arm length remuneration	Ya	Ya	Ya	Ya	Ya	Ya	Ya	Ya
Penyesuaian hasil perbandingan berdasarkan peraturan domestik	Ya	Ya	Ya, apabila penyesuaian pembandingan meningkatkan kehandalan dan material	Ya (kalau perbedaannya signifikan antara unrelated dan related transaction)	Ya	Yes	Ya	Ya

	Negara Maju							Negara Berkembang	
	Benua Australia	Benua Eropa	Benua Amerika	Benua Asia		Benua Afrika			
	Australia	Inggris	Amerika	China	Jepang	Singapura	Indonesia	Afrika Selatan	
C. Intangible Property									
Spesifik regulasi yang mengatur Intangible Property	Tidak secara spesifik untuk TP intangible. Namun setiap intangible memiliki aturan yang diatur sendiri2	Tidak secara spesifik	Ya	Ya (dilihat dahulu value contributionnya sebagai faktor utama, apakah royalti yang diterima atau dibayarkan memiliki manfaat ekonomi yang dibawa ke perusahaan atau pihak hubungan istimewa atau tidak, dan mengikuti arm length transaction atau tidak.	Ya	Ya (menggunkan open market price)	Tidak secara khusus namun bagian dari aturan	Tidak secara specific	
D. Intragroup Services									
Pedoman spesifik transaksi Intra-group services	Tidak secara spesifik untuk TP intangible. Namun setiap intangible memiliki aturan yang diatur sendiri2	Tidak secara spesifik	Ya	Ya (menerapkan safe harbor rule, melakukan pengujian untuk menentukan nature arms length transaction atas jasa yang diberikan: benefit test, necessity test, duplication test, value creation test, remuneration test dan sufficiently test.	Ya	Tidak secara specific. WP dapat menerapkan 5% cost mark-up untuk routine support service (apabila ada dalam list pedoman, provider tidak memberikan jasa yang serupa ke unrelated party)	disebut namun tidak berupa pedoman specific	Tidak secara specific	
D. TP Documentation									
WP wajib menyiapkan TP Doc	Ya. (master file, local file, CbC dan specific transfer pricing return)	CbC (12 bulan)	CbC dan lainnya. (30 hari setelah permintaan IRS)	Ya (master file, local file, CbC, specific transfer pricing return). Master File harus diselesaikan dalam waktu 12 bulan akhir tahun fikal perusahaan induk dalam group perusahaan, Local file 30 Juni tahun berikutnya setelah terjadi transaksi dokumen kontemporer harus diserahkan dalam 30 hari setelah menerima permintaan dari administrasi pajak	Ya. Master file dan CbC(1 tahun ketika tahun pajak parent berakhir), local file (jatuh tempo SPT tahunan). Master file dan CbC apabila MNE Group dengan total pendapatan konolidasi untuk tahun fiskal sebelumnya entitas induk ultimate kurang dari 100 miliar yen. File lokal perusahaan dikecualikan TPOdoc untuk controlled transaction dengan 1 pihak asing yang memiliki hubungan istimewa selama tahun bisnis kurang dari 5 miliar yen dan jika jumlah transaksi intangible (total foreign-related party) selama tahun sebelumnya kurang dari 300 juta yen	Ya. CbC, Specific transfer pricing return, dan lainnya mencakup informasi WP dan groupnya mirip dengan Local file dan master file. WP dengan pendapatan kotor dari perdagangan atau bisnis yang melebihi SGD 10 juta harus menyiapkan TP Doc yang diserahkan paling lambat pada saat penyerahan SPT dan 30 hari atas permintaan IRAS	Master File, Local File, CbC Report, Other. (Time: 4 bulan setelah tahun pajak berakhir, submission tergantung request dari DGT) dan CbC. Waktu Submission bersamaan dengan SPT tahunan dan paling lama 1 tahun)	Master File, Local File, CbC Report, Other (Question included in Corporate Tax Return). Time : dalam 12 tahun tahun keuangan berakhir. Pertanyaan dan dokumen pendukung arm length diampikan pada saat tax return filling.	
Pinalti specific TP Doc	Tidak	Ya. Denda apabila CbC tidak diserahkan tepat waktu dan dilaporkan dengan informasi yang benar	Ya	Ya (berdasarkan rate pinjaman bank central cina)	Ya. Master file dan CbC denda 300.000 yen jika tidak mengirim dokumen. Local file jika tidak diserahkan maka pajak dikenakan berdasarkan estimasi	Ya. Otoritas singapur berdasarkan section 34D income tax act akan dikenakan 5% dari jumlah adjustment dibawah section 34E income tax	Pinalti mengikuti Ketentuan Umum dan tata cara perpajakan	Tidak secara specific.	

	Negara Maju							Negara Berkembang	
	Benua Australia	Benua Eropa	Benua Amerika	Benua Asia		Benua Afrika			
	Australia	Inggris	Amerika	China	Jepang	Singapura	Indonesia	Afrika Selatan	
E. Pendekatan administrative untuk menghindari dan menyelesaikan									
Mekanisme untuk menyelesaikan masalah transfer pricing	Rulings, APA dan MPA, Alternative Dispute Resolution(ADR)	Ya (APA, MAP)	Ya. Enhanced engagement programs, APA (unilateral, Bilateral, Multilateral) dan MAP	Ya (APA unilateral, Bilateral dan Multilateral) dan Mutual Agreement procedure.	Ya (APA, MPA dan lainnya melalui proses administrative review dan proses yudisial)	Ya (APA unilateral, bilateral dan multilateral), MAP	-Advance Pricing Agreement (APA) -> Unilateral dan Multilateral, -Mutual Agreement Procedure, -Keberatan dan banding	-Enhance engagement programs -Mutual Agreement Procedures, - Tidak ada prosedur khusus, namun program domestic ditingkatkan melalui proses Alternative Dispute Resolution (ADR) yang berlaku umum dalam penyelesaian sengketa termasuk TP	
Otoritas Pajak memublish APA data dalam annual report atau melalui pengungkapan data dalam forum publik	Ya	Ya	Ya	SAT mengemukakan APA annual report secara periodik dan mengeluarkan pengungkapan perkembangan APA Program secara periodik. Berdasarkan statistik dalam APA annual report, semakin banyak WP yang mencari kepastian dan menggunakan APA sebagai rujukan terutama APA, bilateral	Ya	Ya	Tidak	NA	
Regulasi safe harbours di industri tertentu, tipe WP atau tipe transaksi	Ya. Ada beberapa penetapan harga transfer yang disederhanakan (distributor, jasa intra-group, loew level inbound loans, materiality, management and administration services, teknical service dan low level outbound loans	Tidak	Ya (untuk loan tertentu "safe haven interest rate)	Tidak	Tidak	Ya (mark up biaya 5% untuk layanan dukungan rutin) dan singapura menetapkan margin indikatif yang dapat dipilih wajib pajak untuk diterapkan pada setiap pinjaman pihak terkait yang tidak melebihi SGD15 juta saat dijamin diperoleh atau diberikan	Tidak	tidak	
1st (year end adjustment) dan 2 nd adjustment	Tidak. WP melakukan adjustment kalau ikut dalam APA	Ya untuk pertama, tidak untuk ke2	Ya	Tidak (sedang didalam)	pertama ya (melalui pemeriksaan), kedua tidak	Tidak	Ya	Ya	