

## ABSTRACT

*This study aims to empirically determine the effect of Tunneling Incentives and Bonus Mechanisms on Transfer Pricing Decisions and their impact on Tax Avoidance in Energy Sector Companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2022 period.*

*The method used in this research is descriptive and associative method. This study uses secondary data in the form of financial reports obtained from the official website of each company and the website [www.idx.co.id](http://www.idx.co.id). The sampling technique used in this study was purposive sampling which resulted in 8 sample companies. The analytical techniques used in this study are descriptive analysis, associative analysis, classical assumption test, normality test, multicollinearity test, heteroscedasticity test, autocorrelation test, hypothesis test, and the coefficient of determination.*

*Based on research results of Energy Sector companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2022 period. Tunneling Incentive influences transfer pricing decisions with a contribution/influence of 21.6%. The Bonus mechanism has no effect on transfer pricing by only contributing/influence of 0.6%. Transfer Pricing has no effect on Tax Avoidance by only contributing/influence of 7.5%. Tunneling Incentive has an effect on transfer pricing with a contribution/effect of 19.9%. The Bonus Mechanism has an effect on Tax Avoidance with a contribution/effect of 9.9%.*

*Keywords: Tunneling Incentive, Bonus Mechanism, Transfer Pricing, and Tax Avoidance.*