

ABSTRACT

This study aims to compare the differences between the gross profit margin ratio and the net profit margin ratio of multinational companies that do not apply Advance Pricing Agreement (APA) and multinational companies that implement Advance Pricing Agreement (APA). As well as comparing the differences in gross profit margin ratios and net profit margin ratios of multinational companies that implement the Advance Pricing Agreement (APA), both in the period before the renewal of the Advance Pricing Agreement (APA) regulation which refers to PMK RI Number 7/PMK.03/2015 and the period after the renewal of the Advance Pricing Agreement (APA) regulation which refers to PMK RI Number 22/PMK.03/2020. The theory used in this research is Psychological Fiscal Theory. The sample in this study is all multinational companies listed on the Indonesia Stock Exchange from 2018 to 2021. The amount of data that fits the sample criteria is 43 companies. The analytical method used in processing the data uses a different test. This research uses the Statistical Package for Social Sciences (SPSS) program. The results showed that there was no difference between the gross profit margin ratio of multinational companies that did not implement APA and those that implemented APA and there was no difference in the ratio of gross profit margin and net profit margin ratio in multinational companies before and after the renewal of APA regulations. Meanwhile, there are differences in the net profit margin ratio of multinational companies that do not implement APA and those that implement APA. The existence of Roll-Back in APA regulations became speculation which caused no difference in gross profit margins and net profit margins in the period and the company used in this study. The results of this study support the psychological fiscal theory which focuses on the taxpayer's trust in the operation of the applicable tax system, namely APA. The results of this study prove that there are differences in net profit margins for companies that do not implement APA and those that implement APA before the updating of APA regulations in 2018—2019, while there are no differences in net profit margins and gross profit margins for companies that do not implement APA and those that implement APA following the renewal of APA regulations in 2020—2021. Practically speaking, companies that implement APA pay higher taxes than companies that do not implement APA.

Keywords: Multinational Companies, Profitability, Transfer Pricing, Advance Pricing Agreement (APA).