

BINUS INTERNATIONAL
BINUS UNIVERSITY

Accounting Major

Sarjana Ekonomi Thesis

Even semester year 2010

ANALYSIS OF TRANSFER PRICING ON COST OF GOOD SOLD AT PT. X
BASED ON CORPORATE INCOME TAX 2008

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Abstract

Objectives. The thesis is to analyze the transfer pricing practice in purchasing raw material of PT Eastern Pearl flour Mills in 2008, whether the prices are arm-length or not.

Method. Comparable Uncontrolled Price (CUP) method was used in order to check the arm-length purchase price of PT Eastern Pearl Flour Mills.

Result. After analyzing the purchase prices using Comparable Uncontrolled Price method in PT Eastern Pearl Flour Mills, the purchase prices are higher than the market price which is not arm-length.

Conclusion. PT Eastern Pearl Flour Mills did transfer pricing in 2008 which the prices are not arm-length and created tax loss for Indonesia Directorate General of Tax (Government).

Key words: Transfer Pricing, Arm-length principle, Taxation,