Indian Journal of Economics and Finance (IJEF)
ISSN: 2582-9378 (Online), Volume-3 Issue-2, November 2023

Effect of Related Party Transaction and Tax Haven Utilization on Tax Avoidance Moderated by Country-by-country Reporting

Cesar Samuel Romulo, Zuliani Dalimunthe

***Abstract:** In 2016, the Government of Indonesia introduced Country-by-Country Reporting through the Minister of Finance Regulation as an implementation of OECD/G20 BEPS Action Plan 13. This study investigates the influence of Related Party Transaction and Tax Haven Utilization on Tax Avoidance with and without Country-by-Country Reporting regulation as the moderating variable. This study uses purposive sampling method as the sample selection. Data in this study is collected from the financial statements of listed 100 MNEs between 2012 and 2021. To test the hypothesis, this study uses pooled OLS regression. The results of this research were Tax Haven Utilization doesn't have significant effects on Tax Avoidance and Related Party Transaction from Sales have positive and significant effect on Tax Avoidance, meanwhile Related Party Transaction from Assets and Liabilities doesn't have significant effect on Tax Avoidance. Other results show that Country-by-Country Reporting regulation can not moderate the effect of Related Party Transaction and Tax Haven Utilization on Tax Avoidance. The finding on this study gives recommendation for the government to evaluate the application of CbCR regulations in order to prevent tax evasion through the mechanism of utilizing tax havens and related party transactions and increase theoretical understanding of the application of CBCR.*

***keywords:** Related Party Transaction, Tax Haven Utilization, Tax Avoidance, Country-by-Country Reporting*

I. INTRODUCTION

Tax evasion is currently a concern in almost all countries, especially since the 2008 global financial crisis (Oats & Tuck, 2019). Many previous studies have been conducted to examine factors that can lead to tax evasion, both internal and external factors (Wang et al., 2020). Internal factors that can lead to tax evasion include company characteristics (Higgins et al., 2015), ownership structure (Khurana & Moser, 2013), characteristics of managers and executives (Law & Mills, 2017), executive compensation (Armstrong et al., 2015), as well as internal governance (Bauer, 2016). Meanwhile, from an external perspective, the factors that cause tax evasion include institutional (Hoopes et al., 2011), external markets (Dyreng et al., 2022), external governance (Klassen et al., 2016), and social networks (Cen et al., 2017).

Manuscript received on 17 July 2023 | Revised Manuscript received on 24 July 2023 | Manuscript Accepted on 15 November 2023 | Manuscript published on 30 November 2023.

*****Correspondence Author(s)*

Cesar Samuel Romulo, Department Management, University of Indonesia, Central Jakarta, Indonesia E-mail: cesar.rajagukguk@gmail.com

Zuliani Dalimunthe, Department Management, University of Indonesia, Central Jakarta, Indonesia E-mail: zulianifeui89@gmail.com

However, since several cases of journalistic investigation results have been leaked, such as LuxLeaks and the Panama Papers, tax avoidance of multinational companies or Multinational Enterprises (MNEs) has become a special agenda for countries and organizations in the world in the last decade (Beer et al., 2018). According to data from The State of Tax Justice for 2021, published by the Tax Justice Network, it is estimated that countries in the world have suffered tax losses of US$ 483 billion due to cross- border tax evasion to Tax Havens countries. Around 65%, or US$ 312 billion, was contributed by MNEs, while the remaining coming from individual. In Indonesia alone, tax losses due to cross-border tax evasion are estimated at US$ 2.275 billion or equivalent to Rp 34 trillion (Tax Justice Networks, 2021).

MNEs are businesses that operate in multiple countries and conduct their operations through local branches, subsidiaries, or joint ventures (Eiteman et al., 2016). This is due to several reasons, including the need for access to larger consumer markets, access to certain natural resources or technology, as well as certain financial or tax regulations, and so on (OECD, 2018b)

MNEs have had an important influence on the world's economy, particularly through trades (Tintelnot, 2017). Based on UNCTAD data (2022), the value of global trade in 2021 will reach $28.5 trillion, or an increase of 25% compared to 2020. MNEs avoid taxes by using a profit shifting scheme, which involves shifting profits or income from states with high tax rates to states with lower tax rates (Cooper & Nguyen, 2020), reducing tax base (base erosion), or using both, known as Base Erosion and Profit Shifting (BEPS) (Lampenius et al., 2021). By diverting most of their income to countries with low tax rates, it will be able to reduce the overall tax burden (Zucman, 2014).

To counter this BEPS activity, in 2013, the Organization for Economic Co-operation and Development (OECD), in collaboration with the G20, tried to compile international guidelines that could be applied in OECD and G20 member countries. The aim of this project is to reduce tax system gaps and regulatory inconsistencies between countries so that companies cannot transfer profits from countries with high corporate tax rates to countries with low tax rates (Nerudova et al., 2023). Then, in 2015, the collaboration of the two world organizations issued the BEPS Report which contained 15 Action Plans or action plans.

In order to be implemented effectively internationally, the OECD and G20 also involve other countries outside the members of the two organizations, the majority of which are developing countries, through The OECD Inclusive Framework on BEPS in 2016. This framework applies equal footing, in which participating countries have an equal position in making decisions that can impact their country (Christians & Van Apeldoorn, 2018) .

The inability of authorities to carry out transfer pricing analyses of transactions between affiliated companies, let alone conduct audits, is a major limitation in measuring the fiscal and economic impact of tax evasion, according to the OECD (OECD, 2018a). To overcome this, in Action Plan 13, namely regarding transfer pricing documentation, a report format was prepared for MNE to be reported annually and in every jurisdiction where MNE does business, which is referred to as the Country-by-Country Report (CbCR) (OECD, 2018a). CbCR is a document that contains the allocation of income, tax payments, and also the activities of all members of the business group (Afida, 2022). This document is presented in a special tabulation based on international standards and is also used as an exchange with tax authorities in other countries based on agreements (Directorate General of Taxes, 2018). Furthermore, this report is mandatory for multinational group companies with consolidated gross turnover of at least 750 million euros.

In 2016, Indonesia implemented CbCR through Minister of Finance Regulation Number 213/PMK.03/2016 as stipulated in December 30, 2016. In Article 2 of the regulation it is stated that the CbCR or Country-by-Country Report is one of the mandatory transfer pricing documents. CbCR in Indonesia has the same limitation regarding the minimum gross turnover limit of 750 million euros, namely for domestic taxpayers who are members of a business group that has an Ultimate Parent Entity (UPE) as a foreign tax subject with a consolidated gross circulation of more than or equals 750 million euros. Meanwhile, domestic WP as UPE of a Business Group has a consolidated gross circulation limit of more than or equal to IDR 11 trillion (Directorate General of Taxes, 2018).

In this study, the authors wanted to examine the effect of tax haven utilization (THU) and related party transactions (RPT) on tax evasion mediated by Country-by-Country Report (CbCR). According to Rugman & Collison (2012), one form of tax avoidance through profit shifting is to take advantage of a tax haven country. Tax Haven can be interpreted as a country that imposes very low tax rates, or even no taxes or zero rates (Souillard, 2022). This can attract MNEs to place their main business in these countries in order to reduce their overall global tax payments (Rugman & Collinson, 2012). Then, transactions with related parties are another method of tax avoidance that is frequently used by MNEs, according to Gumpert et al. (2016). In the MNE group, transactions involving affiliated parties are carried out by establishing transfer prices or transfer pricing in a variety of ways, including intra-group trading and loans, and transfers of knowledge and intellectual property like patents, trademarks, and copyrights (Cooper & Nguyen, 2020).

In addition, based on the author's investigation, not many studies in Indonesia have used the CbCR variable in examining its effect on tax evasion in Indonesia. Several studies using the CbCR variable include research conducted by Kurniawan and Saputra (2020), which examined the effect of CbCR implementation on tax evasion by MNEs in Indonesia with a 4 (four) year period of research after CbCR adoption (2016- 2019), concluded that there was an increase in effective tax rates (ETRs) for MNEs operating in Indonesia that had UPE as the subject of CbCR implementation. Then research conducted by Kurniasih et al (2023), which tested the direct and mediating effect of CbCR with MNEs listed on the Indonesia Stock Exchange in 2010-2019, concluded that CbCR had a negative and significant effect on tax evasion.

The purpose of this study is analyzing the effect of Tax Haven and Related Party Transactions on tax avoidance of MNEs listed on the Indonesia Stock Exchange with or without mediated by the Country- by-Country Report (CbCR). Meanwhile, benefits of this study are, first, for the academic world, this study is expected to provide benefits for the development of knowledge in the field of taxation, especially regarding tax evasion. In addition, this research is also expected to provide additional literature regarding the impact of the implementation of the OECD/G20 BEPS action plan, particularly related to CbCR, on developing countries, especially Indonesia. Second, in the real world, this study could help the government assess the success of implementing the BEPS action plans, particularly those linked to CbCR, in an effort to stop MNEs from using tax avoidance strategies.

II. LITERATURE REVIEW

A. Agency Theory

Agency theory is a concept in economics and finance that, according to Jensen & Meckling (1976), explains the interaction between principals (like shareholders) and agents (like corporate management). This theory contends that agents may act in their own interests rather than the interests of the principal and that the interests of the principle and the agent may not always coincide (Shams et al., 2022). For example, management may prioritize their own compensation or expansion plans over the financial returns of shareholders. To combat this, principals can use various forms of monitoring and incentives, such as performance-based compensation, to align the interests of agents with their own (Cao et al., 2023). The different interests can causes information asymmetry between owners and management, where managers who are directly involved in company operations have more internal information and the continuity of company operations compared to owners (Y. S. Yang et al., 2022). This information asymmetry can then cause several problems, including adverse selection (Curry et al., 2007) and moral hazard (Kanbur et al., 2008).

In the MNE context, agency conflicts related to adverse selection can occur when the parent company (principal) delegates decision-making authority to its subsidiaries (agents) in different countries (Farah et al., 2022). Due to cultural differences, laws and regulations, subsidiaries may have better information about local market conditions, but may not fully disclose this information to the parent company (Curry et al., 2007). For example, a subsidiary may have information about more profitable business opportunities in their local market, but may not disclose it to the parent company because they may prefer to pursue those opportunities independently. This can result in sub-optimal results for the parent company, as they may miss out on lucrative business opportunities (Lin et al., 2020).

Agency conflict related to moral hazard in MNE refers to a situation where the subsidiary (agent) takes more risks than the parent company (principal) can accept because the subsidiary does not bear the full consequences of its actions (Kanbur et al., 2008). For example, a subsidiary may engage in risky business practices in pursuit of higher profits, knowing that the parent company will incur losses if the risk materializes (Chang, 2003). This can lead to moral hazard problems, as the subsidiary company lacks incentives to manage risk effectively, and the parent company is not fully aware of the risks it is taking (Purkayastha et al., 2022).

According to Desai and Dharmapala (2009), agency conflicts have a relationship with tax evasion. This refers to a situation where there is an incentive mismatch between principals (such as owners or shareholders of a company) and agents (such as company management or the tax department) in terms of minimizing the company's tax liability (Bradshaw et al., 2019). For example, management may have incentives to minimize taxes to increase corporate profits and their own compensation, but this may not be in the interests of shareholders who may prioritize long-term growth over short-term gains (Hanlon & Heitzman, 2010). Another example is when management may have incentives to engage in aggressive tax planning or use tax havens to minimize taxes, but this may not be in the interests of shareholders who may prioritize reputation and compliance over short-term profits (Holmstrom & Tirole, 1991; Richardson et al., 2020). Furthermore, while management may have incentives to engage in aggressive tax planning or use tax havens to minimize taxes, this may not be in the interests of the government which may wish to raise taxes for firms to support the country's economy and development (Besanko & Sibley, 1991; Jones et al., 2023).

B. Tax Avoidance

Based on Pohan (2016), tax avoidance is an effort made by an entity to minimize the amount of tax payable based on loopholes in tax regulations so that it can be said to be technically legal to do. This can include taking advantage of tax deductions and credits, arranging financial transactions in a tax-efficient way, and investing in tax-advantaged accounts. Many studies have investigated the impact of tax avoidance on firm value and performance. For example, Desai and Dharmapala (2009) found that corporate tax planning is positively related to firm value, whereas Hanlon and Heitzman (2010) conducted a review of the tax research literature and found that tax avoidance was negatively related to firm value (Khaoula & Moez, 2019).

Another area of research on tax avoidance is the impact of transfer pricing on organizations (Rossing & Pearson, 2022). Transfer pricing refers to the process of fixing the price of goods and services exchanged between related parties, such as subsidiaries of multinational companies (Hemling et al., 2022). Besanko and Sibley (1991) find that transfer pricing can influence the market for firm control, because a firm may choose to reorganize its operations to take advantage of favorable transfer pricing arrangements.

C. Tax Haven

Tax Haven is a country, region, or jurisdiction that offers low or no tax rates and has lax regulations, which can attract individuals and businesses who wish to reduce their tax obligations through legal means such as tax planning, international tax arbitration, or tax evasion (Fjeldstad & Jacobsen, 2017). Furthermore, according to the OECD (1998) , a tax haven can be defined as a jurisdiction that offers favorable tax or other conditions to attract tax-motivated businesses, with a lack of transparency, effective exchange of information or a commitment to implement international standards. According to the OECD (1998), Tax Haven has several criteria, including no or nominal tax on relevant income, minimal effective exchange of information, lack of transparency, and no substantial activity.

D. Related Party Transaction

Related Party Transactions can be defined as transactions that occur between two parties who have a pre-existing connection, before the transaction (Hillier & Ross, 2013). These transactions can include the sale or purchase of goods or services, loans or guarantees, and other types of financial or business transactions (El-Helaly & Al-Dah, 2022).

This form of transaction may create a potential conflict of interest and may be subject to special disclosure requirements and/or regulatory oversight to ensure that the transaction is carried out at fair market value (arm's length) and in the best interests of the company and shareholders (Bansal & Singh, 2023). Research by Gordon et al. (2004) found that related party transactions are positively related to company performance, but this relationship weakens when companies have strong corporate governance mechanisms. The governance of related party transactions is an important aspect of corporate governance and that laws and regulations, as well as board oversight, play an important role in ensuring that such transactions are conducted in the best interests of the company and its shareholders (Fan & Yu, 2022).

According to Utama (2014), a tool that can be used to measure related party transactions is to use financial reports, which can be seen from the proportions in assets, liabilities, sales, and also costs or expenses.

In Bapepam Rule Number VIII.G.7, part of transactions related to affiliated party transactions can be found in notes to financial statements which detail, among other things, assets, liabilities, sales, and purchases related to affiliated party transactions (Utama & Utama, 2014).

E. Country-by-Country Reporting

Country-by-Country Reporting (CbCR), according to Longhorn et al. (2016) , is a requirement for multinational companies to prepare yearly reports that give details about the locations of economic activity and earnings disclosed by multinational groupings. The primary goal of CbCR is to mandate that group companies operating in multiple jurisdictions disclose data on profit and loss accounts and cash flows on a country-by-country basis, or more specifically, in each jurisdiction where they conduct business, as part of their annual global financial report (Hackett & Janský, 2022). The main targets are companies involved in cross-border trading activities, through branches and subsidiaries (Murphy, 2012) .The emphasis of this advice is on the necessity of guaranteeing the disclosure of the financial statements of reporting entities that are MNEs in and of themselves or that are MNEs because they are a parent, subsidiary, or connected party of a reporting organization that is situated in another sovereign country (Dyreng et al., 2020). The disclosure must make it possible to identify the group's name, type of entity, and activity. The disclosure must also list the nations in which the group conducts business, the amount of sales and purchases it makes (including intra-trade transactions), the value of the labor and natural resources it uses in each nation, as well as a statement of the profits it makes and the taxes it has paid in each of those nations (Murphy, 2012).

CbCR Reporting Requirements are contained in the OECD/G20 Action Plan 13 and is one of the four BEPS minimum standards that must be applied (Hanlon & Johnson, 2018). The principle is that every entity participating in a system plays by the same rules (Fuest et al., 2022). Implementation of the CbCR is subject to peer review, which should ensure adequate oversight of each country's compliance with the standards set by the OECD during the implementation of the action (Oguttu, 2022). The review follows the agreed procedural mechanism and concerns three key aspects, namely the domestic legal and administrative framework, the information sharing and confidentiality framework, and the proper use of CbCR (OECD, 2017). In Indonesia, the regulation regarding CbCR implemented in 2016. CbCR term in the regulation contains information, including the allocation of income, taxes, and business activities of all members of the MNE Group domestically and abroad; a list of members of the MNE Group and their business activities in each jurisdiction; and other relevant information. In addition, it also regulates the constituent entities that are reported, namely the Ultimate Parent Entity/UPE, or the highest parent entity in a group; group members who are included or not included in the consolidated financial statements, and Permanent Establishment (PE) (Directorate General of Taxes, 2018). Furthermore, the regulation stipulates that those who are required to submit CbCR are UPE from a domestic MNE group with a consolidated gross circulation greater than or equal to IDR 11 trillion, as well as members of the MNE group with foreign tax subject UPE having consolidated gross circulation greater than or equal to with 750 million euros (Kurniasih et al., 2023).

III. HYPOTHESIS DEVELOPMENT

A. Related Party Transactions and Tax Haven Utilization on Tax Avoidance

Income sharing across linked businesses may be the best overall tax plan for a corporate organization (Doo & Yoon, 2020). But, this action also linked to financial frauds (Mao et al., 2021). According to Park (2018), business groups' companies tend to use related party transactions to reduce their tax burden. Moreover, tax avoidance from the related parties not always come from parties from a consolidated group, but can also come from affiliated parties from outside the consolidated group (Shevlin et al., 2012; Tang, 2020). Granda (2021) argued that the characteristics of business groups influence the motivation to shift profits from firms located in countries with higher tax rates to its affiliates in jurisdictions with lower tax rates. This action is done by utilizing the tax haven countries. Moreover, the research from Souillard (2022) concluded that the US publicly listed companies tend to follow if their peers from the same industry already utilizing tax havens. H1: Related Party Transactions and Tax Haven Utilization have influence on tax avoidance by MNEs listed on the Indonesia Stock Exchange (IDX).

B. Moderating Effect of CbCR Regulation

Hackett & Janský (2022) concluded that due in part to its modest success in escalating tension and dispute around the behavior of MNEs and revenue agencies, the capital requirement standard has been a progressive force in MNE's tax accounting. According to Joshi (2020) , The CbCR increases the probability that information provided to the authority would leak and be published, which raises the perceived cost of shifting profits to countries with low taxes. Brown et al. (2019) argued that CBCR can offer more details to help determine the extent and existence of tax haven involvement, even though it can't significantly affected the geographic segment reporting.

H2: CbCR disclosure can moderate the effect of Related Party Transactions and Tax Haven Utilization on tax avoidance by MNEs listed on the IDX.

C. Research Methods

This study used secondary data from non-financial multinational companies listed in Indonesia Stock Exchange from 2012 to 2021. Year 2012 to 2021 is used to see the effect of the Country-by-Country Report, which 2012-2016 is the period before the regulation applied and 2017-2021 as the period after the regulation applied in Indonesia. The data used is taken from financial and annual reports from the sample companies.

The study used multinational companies because they have possibility to shift profit from high tax rate countries to low tax rate countries. Multinational companies in this research are defined as firms which have foreign affiliation, whether it is parent or subsidiary. Financial companies are excluded in this study because they have specific regulations for their operation. This study used purposive sampling as the sample selection method with the following criteria:

Table 1. Samplings

Criteria	Number
Companies listed in IDX in 2021	668
Financial Companies listed in IDX in 2021	(90)
Non-multinational, new and delisted companies in IDX from 2012 to 2021	(478)
Non-financial multinational companies listed in IDX from 2012 to 2021	100

D. Dependent Variables

The dependent variable used in this study is tax avoidance. The measurement of tax avoidance used the Effective Tax Rate (ETR) (Hanlon & Heitzman, 2010; Yang, 2022). According to Yang (2022), a high ETR value indicates a low level of tax evasion, and vice versa. Measurements using the ETR are carried out with the following calculations:

ETR = Tax Expense/EBT

E. Independent Variables

a. Related Party Transactions

The first independent variable used in this study is Related Party Transaction (RPT) (Yang, 2022). RPT measurement in this study is divided into 3, namely:

- RPT Assets, with the formula: RPT Assets/Total Assets x 100%
- RPT Liabilities with the formula: RPT Liabilities/Total Liabilities x 100%
- RPT Sales with the formula: RPT Sales/Total Sales x 100%

b. Tax Haven Utilization

The second independent variable used in this study is Tax Haven Utilization (THU) (Atwood & Lewellen, 2019; Kurniasih et al., 2023). Determination of THU in this study uses a list of Tax Haven countries based on the OECD. The THU variable in this study is dummy variable, i.e. if the MNE has an affiliation in a Tax Haven jurisdiction then it is coded 1, while 0 otherwise. The list of Tax Haven countries based on the OECD is as follows:

Table 2. List of Tax Haven Countries

No.	Country	No.	Country
1.	Antigua	11.	Jersey
2.	Bahamas	12.	Liberia
3.	Bermuda	13.	Luxembourg
4.	British Virgin Islands	14.	Malta
5.	Cayman Islands	15.	Marshal Islands
6.	Cyprus	16.	Mauritius
7.	Gibraltar	17.	Netherland Antillen
8.	Guernsey	18.	Panama
9	Ireland	19.	Singapore
10.	Isle of Man	20.	Switzerland

F. Moderating Variable

This study used Country-by-Country Reporting (CbCR) as a moderating variable (Joshi, 2020; Kurniawan & Saputra, 2020; Yang, 2022), by using a dummy variable, namely 1 for the period after implementation (2017-2021), while 0 for the period before implementation (2012-2016).

G. Analysis Method

Using panel data and pooled OLS regression analysis, the study's hypothesis was examined. Gujarati & Porter (2009) assert that choosing the best regression model for panel data requires careful consideration. A test to compare the fixed effect model and the common effect model is the Chow test. The Breusch-Pagan Lagrange multiplier test compares the random effect model and the common effect model in order to determine which model is the most suitable. In order to compare the fixed effect model and the random effect model and determine which model is the most suitable, the Hausman test is used.

This study also tested the models against multicollinearity and found variation inflation factor no greater than 10, which indicates there are no multicollinearity problems in the models. Since panel data are likely to suffer heteroscedasticity, then this study applied robust standard errors.

IV. ANALYSIS AND RESULTS

A. Descriptive statistics and multicollinearity test

The maximum, minimum, mean value, and standard deviation are among the metrics that are used to describe a data set when employing the descriptive statistic. Tax Haven Utilization (THU), RPT Assets, RPT Liabilities, RPT Sales, Tax Avoidance (ETR), and Country-by-Country Reporting (CbCR) are the variables in this study that were utilized to calculate descriptive statistics.

Table 3. Descriptive Statistics

Variable	Minimum	Maximum	Mean	Standard Deviation
THU	0	1	0,5	0,4553
RPT *Assets*	0	0.6087	0.03606	0.0677
RPT *Liabilities*	0	0.9433	0.0622	0.1284
RPT *Sales*	0	1.3665	0.1013	0.2018
ETR	-6,7146	3.627	-1.3877	1.3344
CbCR	0	1	0,5	0,5002

Based on Table 3, it can be seen that the minimum value of THU is 0, while the maximum value is:

1. The average THU is 0.5 and with a standard deviation of 0.4553. Then, it is known that the minimum value of RPT Assets is 0, while the maximum value is 0.6087. The average of RPT Assets is 0.03606 and with a standard deviation of 0.0677. The minimum value of RPT Liabilities is 0, while the maximum value is 0.9433. The average of RPT Liabilities is 0.06221 and with a standard deviation of 0.1284. The minimum value of RPT Sales is 0, while the maximum value is 1.3665.

The average of RPT Sales is 0.1013 and with a standard deviation of 0.2018. Furthermore, it is known that the minimum value of the ETR is -6.7146, while the maximum value is 3.627. The average of the ETR is -1.3877 and with a standard deviation of 1.3344. Meanwhile, for CbCR, the minimum value is 0, while the maximum value is 1. The average CbCR is 0.5 and with a standard deviation of 0.5002. This study used values from Variance Inflation Factors (VIF) for the multicollinearity test. Based on Ghozali (Ghozali, 2013) , an indication of multicollinearity can be seen if the VIF value is > 10. Based on Table 4, it is known that the multicollinearity test results for all variables are <10. This shows that there is no multicollinearity among the independent variables.

Table 4. Multicollinearity Test

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
THU	0.008604	3.445913	1.009653
RPT *Assets*	0.449230	1.498597	1.167551
RPT *Liabilities*	0.108467	1.250316	1.012509
RPT *Sales*	0.050408	1.455193	1.161923
CbCR	0.006730	3.812134	NA

B. Chow Test

The Chow test was used in this study to compare the Common Effect Model (CEM) with the Fixed Effect Model (FEM) as the optimum estimate model for performing regression. If H0, then the CEM model is superior to the FEM model, according to the Chow test's hypothesis. In the meantime, if H1, the FEM model is superior to the CEM model. The probability value of the Cross-section Chi-square is 0.3018 based on the Chow test findings in Table 5. The optimal model is the CEM model because this number is greater than 0.05, which causes H0 to be accepted and H1 to be rejected.

Table 5. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	0.008604	3.445913	1.009653
Cross-section Chi-square	0.449230	1.498597	1.167551

C. Lagrange-Multiplier Test

This test was carried out to compare the Common Effect Model (CEM) with the Random Effect Model (REM) as the best estimate model for regression. The CEM model is preferable to the FEM model, according to the Lagrange-Multiplier test's hypothesis. The REM model is superior to the CEM model in the meantime, if H1. It is known that the probability outcome of the Breusch-Pagan Cross-section is 0.8591, or greater than 0.05, based on the test results in Table 6. So, the CEM model is the most effective one to adopt.

Table 6. Lagrange-Multiplier Test

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.031518 (0.8591)	1.649298 (0.1991)	1.680816 (0.1948)

D. Hypothesis Testing

R-squared, which served as the coefficient of determination, has a value of 0.012708 in Table 7. It demonstrated that THU, RPT Assets, RPT Liabilities, and RPT Sales all have a simultaneous impact on ETR of 0.127%, while other factors have an impact on the remaining 99.87%.

The F-test is then used to investigate the simultaneous impact of the independent factors on the dependent variable. It showed that the likelihood F-stat value is 0.012627, or less than 0.05, based on the findings in Table 7. It demonstrated that the dependent variable ETR is significantly impacted by the independent variables THU, RPT Assets, RPT Liabilities, and RPT Sales at the same time.

Table 7. Hypothesis Testing

Variable	Coefficient	Std. Error	t-Statistic	Prob.
THU	-0.093553	0.092759	-1.008561	0.3134
RPT *Assets*	1.114757	0.670246	1.663205	0.0966
RPT *Liabilities*	-0.192464	0.329343	-0.584388	0.5591
RPT *Sales*	0.491187	0.224518	2.187739	0.0289
C	-1.399620	0.082034	-17.06137	0.0000

R-squared	0.012708	Mean dependent var	-1.387750
Adjusted R-squared	0.008739	S.D. dependent var	1.334498
S.E. of regression	1.328654	Akaike info criterion	3.411198
Sum squared resid	1756.495	Schwarz criterion	3.435736
Log likelihood	-1700.599	Hannan-Quinn criter.	3.420524
F-statistic	3.201873	Durbin-Watson stat	1.678646
Prob(F-statistic)	0.012627		

Based on the results shown in Table 7, a regression equation for this study can be made, as shown below: Y = -1,399620 + -0,93553THU + 1,114757RPT*Assets* - 0,192464RPT*Liabilities* + 0,491187RPT*Sales* + e

Based on Table 7, it can be seen:

- THU had negative effect on ETR, with a coefficient value of -0.093553, but not significant, with a probability value of 0.3134 > 0.05.
- RPT Assets had positive effect on ETR, with a coefficient value of 1.114757, but not significant, with a probability value of 0.0966 > 0.05.
- RPT Liabilities had negative effect on ETR, with a coefficient value of -0.192464, but not significant, with a probability value of 0.5591 > 0.05.
- RPT Sales had positive effect on ETR, with a coefficient value of 0.491187, and is significant, with a probability value of 0.0289 > 0.05.

E. Moderating Effect of CbCR

The next testing stage is testing moderation, namely whether the application of Country-by-Country Reporting can significantly moderate the relationship between Tax Haven Utilization, RPT Assets, RPT Liabilities and RPT Sales on ETR. Based on table 8, the moderation equation can be obtained as follows:

Retrieval Number:100.1/ijef B2551113223
DOI:10.54105/ijef.B2551.03021123
Journal Website: www.ijef.latticescipub.com

Published By:
Lattice Science Publication (LSP)

Y = -1,438894 + -0,054459THU + 2,240864RPT*Assets* + 0,167353RPT*Liabilities* + 0,375570RPT*Sales* + 0,073191CbCR - 0,062374THU*CbCR - 2,594883RPT*Assets**CbCR - 0,685405RPT*Liabilities**CbCR + 0,276828RPT*Sales**CbCR + e

Table 8. Moderating Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
THU	-0.054459	0.124695	-0.436735	0.6624
RPT*Assets*	2.240864	0.896652	2.499147	0.0126
RPT*Liabilities*	0.167353	0.478377	0.349834	0.7265
RPT*Sales*	0.375570	0.321840	1.166946	0.2435
CbCR	0.073191	0.168778	0.433649	0.6646
THU*CbCR	-0.062374	0.189787	-0.328654	0.7425
RPT*Assets*CbCR*	-2.594883	1.349230	-1.923233	0.0547
RPT*Liabilities*CbCR*	-0.685405	0.659492	-1.039292	0.2989
RPT*Sales*CbCR*	0.276828	0.450436	0.614576	0.5390
C	-1.438894	0.105225	-13.67444	0.0000

From Table 8 and the moderation equation, it can be seen:

- The application of CbCR does not significantly moderate the relationship between THU and tax evasion (ETR), with the prob value. of 0.7425 > 0.05.
- The application of CbCR did not significantly moderate the relationship between RPTAssets to ETR, with the prob value. of 0.0547 > 0.05.
- The application of CbCR did not significantly moderate the relationship between RPTLiabilities and ETR, with the prob value. of 0.2989 > 0.05.

• The application of CbCR did not significantly moderate the relationship between RPTAssets to ETR, with the prob value. of 0.5390 > 0.05.

The interaction terms of the CbCR and tax haven affiliates and related party transactions permits us to determine whether the moderating impact of the external monitoring government regulation CbCR weakened the relationship of tax haven affiliation and related party transactions towards tax avoidance. As a result, it is anticipated that during the post-regulation CbCR, businesses will lessen their propensity to use tax haven and related party transactions to avoid taxes. Table 8 provides the statistical result for the influence of CbCR on the correlation between tax haven affiliation, related party transactions and corporate tax avoidance. This study hypothesizes that transfer pricing regulation weakened the correlation between tax haven affiliation and corporate tax avoidance. According to Table 6, the result shows that transfer pricing regulation is not able to weaken the correlation of tax haven affiliation and corporate tax avoidance. Thus, our hypothesis is not supported. The effects of the presence of tax havens include the loss of potential tax income and the concealment of corporate's wealth (Morgan, 2016) . By transferring their profits to their affiliates in tax haven nations through transfer pricing schemes, MNEs can pay less tax (Merle et al., 2019). The research shows that tax havens can hinder the government from improving tax compliance. The regulation on transfer pricing enacted by the government has no discernible effect on reducing corporate tax evasion through related party transactions and tax haven utilizations.

The key characteristics of tax haven nations are secrecy and restrictions on information sharing with other states. In consequence, companies with tax haven affiliation may minimize their tax payment due to the narrow regulatory authorities' enforcement as external monitor tool. As a result, escalating managers' opportunities for being dysfunctional without detection. Moreover, incorporating the parent entity in a tax haven, give rise to potential weakened shareholder protection in the country where the firm's legal domicile located outside of its base country. Thus, companies with tax haven affiliation may produce bigger opportunities for managers to practice tax avoidance and for not being transparent, while at the same time extend the difficulty for shareholders or regulators to apply corrective actions, reducing the potential costs of diversion for managers (Atwood & Lewellen, 2019). Secrecy laws in tax haven countries may escalate managers' capability to conceal complicated tax avoidance strategies from shareholders (Desai & Dharmapala, 2009). While the ability of regulators and tax authorities to act as extra monitors of manager behavior may be diminished in the absence of information exchange (Desai et al., 2007) . The passage of government regulation CbCR may be a sign that the rules are not strictly enforced for the businesses with tax haven connection since they are unable to reduce the correlation between corporate tax avoidance and affiliation with tax havens. Tax haven companies are confident that the CbCR regulation enacted by the government of Indonesia could not touch the information they hide in the tax haven countries. Moreover, institutional characteristics of Indonesia is very strong with the history of political connection. Political factor in Indonesia gives chance for companies to exploit their political connection for beneficial business policies (Joni et al., 2020), including policies pertaining to tax.

V. CONCLUSION

This study analysis the moderating effect of the implementation of Country-by-Country Reporting (CbCR) in Indonesia in preventing tax avoidance by MNEs in Indonesia. This study found that the external monitoring by CbCR implementation is not able to moderate the MNEs' tax avoidance practices by profit shifting through related party transactions and tax haven utilization. The results implied that the intervention of government by formulating a policy through doesn't have critical role in preventing corporate tax avoidance and it also showed that as a result of confidentiality regulations and a lack of information interchange, tax haven affiliation may offer greater options for tax avoidance because it weakens the government's ability to oversee such activities. Our research is crucial in helping the government create more stringent tax laws that include tax havens and related party transactions in transfer pricing regulations, because by using tax haven affiliation and related party transactions in the transfer pricing scheme can create the majority of profit shifting that can result in wealth transfer from a country.

Future studies could focus on how to create regulations that can reduce corporate tax avoidance by affiliated corporations with tax havens, particularly for Indonesia, which has a long history of political connections.

DECLARATION STATEMENT

Funding	No, I did not receive.
Conflicts of interest	No conflicts of interest to the best of our knowledge
Ethical approval and consent to participate	No, the article does not require ethical approval and consent to participate with evidence.
Availability of data and material	Not relevant
Authors Contributions	All authors have equal participation in this article.

REFERENCES

1. Afida, C. N. (2022). *Should CbCR Go Public? A Developing Country's Perspective of Public CbCR*. Armstrong, C. S., Blouin, J. L., Jagolinzer, A. D., & Larcker, D. F. (2015). Corporate governance, incentives,
2. and tax avoidance. *Journal of Accounting and Economics*, *60*(1), 1–17. https://doi.org/10.1016/j.jacceco.2015.02.003
3. Atwood, T., & Lewellen, C. (2019). The Complementarity Between Tax Avoidance and Manager Diversion : Evidence from tax Haven Firms. *Contemporary Accounting Research*, *36*(1), 259–294.
4. Bansal, S., & Singh, H. (2023). Does market competition foster related party transactions? Evidence from emerging market. *Pacific Basin Finance Journal*, *77*. https://doi.org/10.1016/j.pacfin.2022.101909
5. Bauer, A. M. (2016). Tax Avoidance and the Implications of Weak Internal Controls. *Contemporary Accounting Research*, *33*(2), 449–486. https://doi.org/10.1111/1911-3846.12151
6. Beer, S., De Mooij, R., & Liu, L. (2018). *WP/18/168 International Corporate Tax Avoidance: A Review of the Channels, Magnitudes, and Blind Spots IMF Working Paper Fiscal Affairs Department International Corporate Tax Avoidance: A Review of the Channels, Effect Sizes, and Blind Spots Prepared by*.
7. Besanko, D., & Sibley, D. S. (1991). Compensation and Transfer Pricing in a Principal-Agent Model.
8. *International Economic Review*, *32*(1), 55–68. https://doi.org/10.2307/2526931
9. Bradshaw, M., Liao, G., & Ma, M. (Shuai). (2019). Agency costs and tax planning when the government is a major Shareholder. *Journal of Accounting and Economics*, *67*(2–3), 255–277. https://doi.org/10.1016/j.jacceco.2018.10.002
10. Brown, R. J., Jorgensen, B. N., & Pope, P. F. (2019). The interplay between mandatory country-by- country reporting, geographic segment reporting, and tax havens: Evidence from the European Union. *Journal of Accounting and Public Policy*, *38*(2), 106–129. https://doi.org/10.1016/j.jaccpubpol.2019.02.001
11. Cao, F., Li, S., Dai, M., & Li, J. (2023). Your heart is where your treasure is: Family chairman and tax avoidance in family-controlled firms. *Journal of Business Research*, *154*. https://doi.org/10.1016/j.jbusres.2022.09.003
12. Cen, L., Maydew, E. L., Zhang, L., & Zuo, L. (2017). Customer–supplier relationships and corporate tax avoidance. *Journal of Financial Economics*, *123*(2), 377–394. https://doi.org/10.1016/j.jfineco.2016.09.009
13. Chang, S. J. (2003). Ownership Structure, Expropriation, and Performance of Group-Affiliated Companies in Korea. *Academy of Management Journal*, *46*(2), 238–253. https://doi.org/10.5465/30040617
14. Christians, A., & Van Apeldoorn, L. (2018). The OECD Inclusive Framework (April 15, 2018). *Bulletin for International Taxation, April/May 2018*. https://ssrn.com/abstract=3393140
15. Cooper, M., & Nguyen, Q. T. K. (2020). Multinational enterprises and corporate tax planning: A review of literature and suggestions for a future research agenda. *International Business Review*, *29*(3). https://doi.org/10.1016/j.ibusrev.2020.101692
16. Curry, P., Hill, C. A., Parisi, F., Curry, P. A., & Hill, C. (2007). *Creating Failures in the Market for Tax Planning Efficiency of Comparative Causation based Liability View project Creating Failures in the Market for Tax Planning CREATING FAILURES IN THE MARKET FOR TAX PLANNING.*
17. http://ssrn.com/abstract=978245
18. Desai, M. A., & Dharmapala, D. (2009). CORPORATE TAX AVOIDANCE AND FIRM VALUE. *The Review of*
19. *Economics and Statistics*, *91*(3), 537–546. http://www.jstor.org/stable/25651357
20. Desai, M. A., Dyck, A., & Zyngales, L. (2007). Theft and Taxes. *Journal of Financial Economics*, *84*(3), 591– 623.
21. Doo, S., & Yoon, S. S. (2020). Tax-motivated income shifting and board structure: Evidence from Korean business groups. *Journal of Contemporary Accounting and Economics*, *16*(3). https://doi.org/10.1016/j.jcae.2020.100221
22. Dyreng, S. D., Hoopes, J. L., Langetieg, P., & Wilde, J. H. (2020). Strategic Subsidiary Disclosure. *Journal of Accounting Research*, *58*(3), 643–692. https://doi.org/10.1111/1475-679X.12308
23. Dyreng, S. D., Jacob, M., Jiang, X., & Müller, M. A. (2022). Tax Incidence and Tax Avoidance*.
24. *Contemporary Accounting Research*, *39*(4), 2622–2656. https://doi.org/https://doi.org/10.1111/1911-3846.12797
25. Eiteman, D. K., Moffett, M. H., & Stonehill, A. I. (2016). *Multinational Business Finance Fourteenth Edition Global Edition*. Pearson Education Limited.
26. El-Helaly, M., & Al-Dah, B. (2022). Related party transactions and dividend payouts. *Finance Research Letters*, *49*. https://doi.org/10.1016/j.frl.2022.103114
27. Fan, J. P. H., & Yu, X. (2022). Do founding families downgrade corporate governance? The roles of intra- family enforcement. *Journal of Corporate Finance*, *73*. https://doi.org/10.1016/j.jcorpfin.2022.102190
28. Farah, B., Chakravarty, D., Dau, L., & Beamish, P. W. (2022). Multinational enterprise parent-subsidiary governance and survival. *Journal of World Business*, *57*(2). https://doi.org/10.1016/j.jwb.2021.101271
29. Fjeldstad, H., & Jacobsen, S. K. (2017). *Lifting the Veil of Secrecy Perspectives on International Taxation and Capital Flight from Africa*.
30. Fuest, C., Hugger, F., & Neumeier, F. (2022). Corporate profit shifting and the role of tax havens: Evidence from German country-by-country reporting data. *Journal of Economic Behavior and Organization*, *194*, 454–477. https://doi.org/10.1016/j.jebo.2021.11.016
31. Ghozali, I. (2013). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 21 Update PLS Regresi*. Badan Penerbit Universitas Diponegoro.
32. Gordon, E. A., Henry, E., & Palia, D. (2004). Related Party Transactions and Corporate Governance.
33. *Advances in Financial Economics*, *09*, 1–28.
34. Granda, M. L. (2021). Tax haven ownership and business groups: Tax avoidance incentives in Ecuadorian firms. *Journal of Business Research*, *130*, 698–708. https://doi.org/10.1016/j.jbusres.2020.07.012
35. Gujarati, D. N., & Porter, D. C. (2009). *Basic Econometrics 5th Edition*. McGraw Hill Inc.
36. Gumpert, A., Hines, J. R. Jr., & Schnitzer, M. (2016). Multinational Firms and Tax Havens. *Review of Economics and Statistics*, *98*(4), 713–727.
37. Hackett, F., & Janský, P. (2022). Incremental improvement: Evaluating the emancipatory impact of public country-by-country reporting. *Critical Perspectives on Accounting*. https://doi.org/10.1016/j.cpa.2022.102525
38. Hanlon, M., & Heitzman, S. (2010). A review of tax research. *Journal of Accounting and Economics*, *50*(2– 3), 127–178. https://doi.org/10.1016/J.JACCECO.2010.09.002
39. Hanlon, M., & Johnson, H. W. (2018). *Country-by-Country Reporting and the International Allocation of Taxing Rights*. https://ssrn.com/abstract=3118531
40. Hemling, L., Plesner Rossing, J. C., & Hoffjan, A. (2022). The use of information technology for international transfer pricing in multinational enterprises. *International Journal of Accounting Information Systems*, *44*. https://doi.org/10.1016/j.accinf.2021.100546
41. Higgins, D., Omer, T. C., & Phillips, J. D. (2015). The Influence of a Firm's Business Strategy on its Tax Aggressiveness. *Contemporary Accounting Research*, *32*(2), 674–702. https://doi.org/10.1111/1911-3846.12087
42. Hillier, D., & Ross, S. A. (2013). *Corporate Finance*. McGraw Hill Higher Education.

43. Holmstrom, B., & Tirole, J. (1991). Transfer Pricing and Organizational Form. *Journal of Law, Economics, & Organization*, *7*(2), 201–228. http://www.jstor.org/stable/764942
44. Hoopes, J. L., Mescall, D., Pittman, J. A., Blankespoor, B., Dyreng, S., Hanlon, M., Kenchington, D., Lennox, C., Lundholm, R., Mauler, L., Merkley, K., Miller, G., Mills, L., Omer, T., Outslay, E., Shroff, N., Slemrod, J., Spilker, B., & Yu, G. (2011). *Do IRS Audits Deter Corporate Tax Avoidance?* http://ssrn.com/abstract=1668628Electroniccopyavailableat:https://ssrn.com/abstract=1668628
45. Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, *3*(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X
46. Jones, C., Temouri, Y., Kirollos, K., & Du, J. (2023). Tax havens and emerging market multinationals: The role of property rights protection and economic freedom. *Journal of Business Research*, *155*. https://doi.org/10.1016/j.jbusres.2022.113373
47. Joni, J., Ahmed, K., & Hamilton, J. (2020). Politically Connected Boards, Family and Business Group Affiliations, and Cost of Capital : Evidence from Indonesia. *The British Accounting Review*, *52*(3).
48. Joshi, P. (2020). Does Private Country-by-Country Reporting Deter Tax Avoidance and Income Shifting?
49. Evidence from BEPS Action Item 13. *Journal of Accounting Research*, *58*(2), 333–381. https://doi.org/10.1111/1475-679X.12304
50. Kanbur, R., Pirttilä, J., & Tuomala, M. (2008). Moral Hazard, Income Taxation and Prospect Theory*. *The Scandinavian Journal of Economics*, *110*(2), 321–337. https://doi.org/https://doi.org/10.1111/j.1467-9442.2008.00541.x
51. Khaoula, F., & Moez, D. (2019). The moderating effect of the board of directors on firm value and tax planning: Evidence from European listed firms. *Borsa Istanbul Review*, *19*(4), 331–343. https://doi.org/10.1016/j.bir.2019.07.005
52. Khurana, I. K., & Moser, W. J. (2013). Institutional shareholders' investment horizons and tax avoidance.
53. *Journal of the American Taxation Association*, *35*(1), 111–134. https://doi.org/10.2308/atax-50315
54. Klassen, J. K., Lisowsky, P., & Mescall, D. (2016). The role of auditors, Non-Auditors, and internal tax departments in corporate tax aggressiveness. *Accounting Review*, *91*(1), 179–205. https://doi.org/10.2308/accr-51137
55. Kurniasih, L., Yusri, Y., Kamarudin, F., & Sheikh Hassan, A. F. (2023). The role of country by country reporting on corporate tax avoidance: Does it effective for the tax haven? *Cogent Business and Management*, *10*(1). https://doi.org/10.1080/23311975.2022.2159747
56. Kurniawan, N., & Saputra, A. (2020). DOES THE RECENTLY IMPLEMENTED REGULATION ON COUNTRY-
57. BY-COUNTRY REPORTING DETER TAX AVOIDANCE? *Jurnal Akuntansi Dan Keuangan Indonesia*,
58. *17*(1). https://doi.org/10.21002/jaki.2020.04
59. Lampenius, N., Shevlin, T., & Stenzel, A. (2021). Measuring corporate tax rate and tax base avoidance of
60. U.S. Domestic and U.S. multinational firms. *Journal of Accounting and Economics*, *72*(1). https://doi.org/10.1016/j.jacceco.2021.101406
61. Law, K. K. F., & Mills, L. F. (2017). Military experience and corporate tax avoidance. *Review of Accounting Studies, Forthcoming*, *22*, 141–184. https://doi.org/10.1007/s11142-016-9373
62. Lin, H., He, Y., Wang, M., & Huang, Y. (2020). The State-Owned Capital Gains Handover System and managerial agency cost: Evidence from central state-owned listed companies in China. *Finance Research Letters*, *36*. https://doi.org/10.1016/j.frl.2019.101325
63. Longhorn, M., Rahim, M., & Sadiq, K. (2016). *Country-by-country reporting: An assessment of its objective and scope* (Vol. 14, Issue 1).
64. Mao, X., Sun, H., Zhu, X., & Li, J. (2021). Financial fraud detection using the related-party transaction knowledge graph. *Procedia Computer Science*, *199*, 733–740. https://doi.org/10.1016/j.procs.2022.01.091
65. Merle, R., Al-Gamrh, B., & Ahsan, T. (2019). Tax havens and transfer pricing intensity: Evidence from the French CAC-40 listed firms. *Cogent Business and Management*, *6*(1). https://doi.org/10.1080/23311975.2019.1647918
66. Morgan, J. (2016). Corporation Tax as a Problem of MNC Organisational Circuits : The Case for Unitary Taxation. *The British Journal of Politics and International Relations*, *182*(2), 463–481.
67. Murphy, R. (2012). Country-by-Country Reporting Accounting for Globalisation Locally. *Tax Justice Network*.
68. Nerudova, D., Dobranschi, M., Solilová, V., & Litzman, M. (2023). Onshore and offshore profit shifting and tax revenue losses in the European Union. *Economic Modelling*, *119*. https://doi.org/10.1016/j.econmod.2022.106111
69. Oats, L., & Tuck, P. (2019). Corporate tax avoidance: is tax transparency the solution? *Accounting and Business Research*, *49*(5), 565–583. https://doi.org/10.1080/00014788.2019.1611726
70. OECD. (1998). *Harmful Tax Competition: An Emerging Global Issue*.
71. OECD. (2017). *BEPS Action 13 on Country-by-Country Reporting Peer Review Documents, OECD/G20 Base Erosion and Profit Shifting Project*.
72. OECD. (2018a). *Foreword, in Tax Challenges Arising from Digitalisation – Interim Report 2018: Inclusive Framework on BEPS*.
73. OECD. (2018b). *Multinational Enterprises In the Global Economy, Heavily Debated But Hardly Measured*. Oguttu, A. (2022). Curtailing BEPS Through Enforcing Corporate Transparency : The Challenges of
74. Implementing Country-by-Country Reporting in Developing Countries and the Case for Making Public Country-by-Country Reporting Mandatory. *World Tax Journal - Amsterdam*, *12*, 799–828.
75. Park, S. (2018). Related party transactions and Tax avoidance of business groups. *Sustainability (Switzerland)*, *10*(10). https://doi.org/10.3390/su10103571
76. Pohan, C. A. (2016). *Manajemen Perpajakan: Strategi Perencanaan Pajak dan Bisnis*. PT Gramedia Pustaka Utama.
77. Purkayastha, S., Veliyath, R., & George, R. (2022). Type I and type II agency conflicts in family firms: An empirical investigation. *Journal of Business Research*, *153*, 285–299. https://doi.org/10.1016/j.jbusres.2022.07.054
78. Richardson, G., Taylor, G., & Obaydin, I. (2020). Does the use of tax haven subsidiaries by U.S. multinational corporations affect the cost of bank loans? *Journal of Corporate Finance*, *64*. https://doi.org/10.1016/j.jcorpfin.2020.101663
79. Rossing, J. C. P., & Pearson, T. C. (2022). Tax-compliant transfer pricing of intra-group services: The soft drink case. *Journal of Accounting Education*, *61*. https://doi.org/10.1016/j.jaccedu.2022.100815
80. Rugman, A. M., & Collinson, S. (2012). *International Business (6th edition)*. Pearson.
81. Shams, S., Bose, S., & Gunasekarage, A. (2022). Does corporate tax avoidance promote managerial empire building? *Journal of Contemporary Accounting and Economics*, *18*(1). https://doi.org/10.1016/j.jcae.2021.100293
82. Shevlin, T., Tang, T. Y. H., & Wilson, R. J. (2012). Domestic income shifting by Chinese listed firms. *Journal of the American Taxation Association*, *34*(1), 1–29. https://doi.org/10.2308/atax-10150
83. Souillard, B. (2022). Intra-industry spillovers of profit shifting and investments in tax havens. *Journal of Economic Behavior and Organization*, *204*, 581–599. https://doi.org/10.1016/j.jebo.2022.09.021
84. Tang, T. Y. H. (2020). A review of tax avoidance in China. In *China Journal of Accounting Research* (Vol.
85. 13, Issue 4, pp. 327–338). Sun Yat-sen (Zhongshan) University. https://doi.org/10.1016/j.cjar.2020.10.001
86. Tax Justice Networks. (2021). *The State of Tax Justice 2021*.
87. Tintelnot, F. (2017). Global Production with Export Platforms *. *Quarterly Journal of Economics*, *132*(1), 157–209. http://qje.oxfordjournals.org/
88. UNCTAD. (2022). *Global Trade Update 2021*.
89. Utama, C. A., & Utama, S. (2014). Corporate governance, size and disclosure of related party transactions, and firm value: Indonesia evidence. *International Journal of Disclosure and Governance*, *11*(4), 341–365. https://doi.org/10.1057/jdg.2013.23
90. Wang, F., Xu, S., Sun, J., & Cullinan, C. P. (2020). CORPORATE TAX AVOIDANCE: A LITERATURE REVIEW
91. AND RESEARCH AGENDA. *Journal of Economic Surveys*, *34*(4), 793–811. https://doi.org/10.1111/joes.12347
92. Yang, L. (2022). Country-by-country reporting and corporate tax avoidance: evidence from China.
93. *Economic Research-Ekonomska Istrazivanja* . https://doi.org/10.1080/1331677X.2022.2106283
94. Yang, Y. S., Choi, T. Y., Carter, C. R., & Yin, R. (2022). Expanding the boundaries of buyer-supplier agency problems: Moving from dyad to triad. *Journal of Purchasing and Supply Management*, *28*(3). https://doi.org/10.1016/j.pursup.2022.100749
95. Zucman, G. (2014). Taxing across Borders: Tracking Personal Wealth and Corporate Profits. *Journal of Economic Perspectives*, *28*(4), 121–148. https://doi.org/10.1257/jep.28.4.121

Disclaimer/Publisher's Note: The statements, opinions and data contained in all publications are solely those of the individual author(s) and contributor(s) and not of the Lattice Science Publication (LSP)/ journal and/ or the editor(s). The Lattice Science Publication (LSP)/ journal and/or the editor(s) disclaim responsibility for any injury to people or property resulting from any ideas, methods, instructions or products referred to in the content.