

Profit Shifting Through Transfer Pricing: A Systematic Review on Its Influence on Corporate Tax Aggressiveness

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Abstract: This article presents a systematic review of profit shifting practices through transfer pricing mechanisms and their impact on corporate tax aggressiveness. Transfer pricing, which involves setting prices for transactions between companies within a multinational business group, is often used to shift profits from high-tax jurisdictions to low-tax jurisdictions. This study uses the Systematic Literature Review (SLR) methodology. The results show that common strategies used include price manipulation of intangible assets, utilization of tax havens, thin capitalization, and price engineering of goods and services between group entities. Weak and non-standardized transfer pricing policies encourage increased corporate tax aggressiveness, especially in jurisdictions with limited fiscal oversight. On the other hand, the effectiveness of tax authorities in controlling profit shifting practices is greatly influenced by institutional capacity, cross-country data transparency, and international tax policy harmonization. These findings emphasize the importance of reforming global tax policies that are fairer, more transparent, and more integrated. This study is expected to provide theoretical and practical contributions for policymakers in formulating effective transfer pricing regulations to combat tax avoidance by multinational companies.

Keywords: Transfer Pricing, Profit Shifting, Tax Aggressiveness, Multinational Companies, Systematic Literature Review

INTRODUCTION

In the era of globalization and increasing international trade flows, multinational corporations (MNCs) are actively seeking strategies to optimize their global tax burden. One of the most commonly used, yet controversial, methods is transfer pricing, which is the pricing of goods, services, or intangible assets exchanged between entities that are still part of the same business group but located in different jurisdictions. Although transfer pricing is legally permitted and a legitimate part of international business practices, this method is often associated with aggressive tax planning and profit shifting practices that exploit differences in tax regulations between countries (Cobham & Janský, 2019).

Transfer pricing becomes problematic when it is used manipulatively to shift taxable income from high-tax countries to low-tax jurisdictions or even no-tax jurisdictions, ultimately eroding the home country's tax base. This strategy, known as Base Erosion and Profit Shifting (BEPS), has become a global concern among policymakers, academics, and tax authorities due to its significant impact on state revenues and fiscal fairness (OECD, 2022). In this context, tax aggressiveness, which is the behavior of corporations to minimize their tax liabilities legally or through legal loopholes, is increasingly associated with abusive transfer pricing practices (Hanlon & Heitzman, 2010; Richardson et al., 2013).

The transfer pricing case occurred in a food and beverage sub-sector manufacturing company listed on the Indonesia Stock Exchange, namely PT Indofood Sukses Makmur Tbk (INDF). This phenomenon involves indications of tax avoidance, especially in PT Indofood Sukses Makmur and its subsidiary PT Indofood CBP Sukses Makmur Tbk. Transfer pricing is indicated through differences in financial performance, where the net profit of PT Indofood Sukses Makmur Tbk was recorded as good, reaching IDR 1.4 trillion in the first quarter of 2020, but the shares of PT Indofood CBP Sukses Makmur Tbk experienced a decline. In addition to the transfer pricing factor, the decline in share prices can also be attributed to the acquisition of Pinehill Corpora Limited shares by PT Indofood Sukses Makmur, which is considered expensive and has the potential to cause a decline in share prices (Apridinata & Zulvia 2023).

Several empirical studies have shown a positive relationship between the use of transfer pricing and the level of tax aggressiveness of multinational companies. A study conducted by Dyreng et al. (2008), which found that complex multinational organizational structures tend to have a significant correlation with higher levels of tax aggressiveness. They found that companies that have subsidiaries in many countries with varying tax rates are more likely to use aggressive transfer pricing strategies to shift profits to countries with low tax rates. This study indicates that the global structure of companies and the ability to shift profits between jurisdictions play an important role in facilitating tax avoidance through transfer pricing.

Richardson et al. (2013) conducted a study that explored the relationship between corporate governance structure and tax aggressiveness. They found that companies with tighter internal controls, such as a more independent board of directors, tended to be more cautious in using transfer pricing to avoid taxes. This suggests that although multinational companies often use transfer pricing for tax planning purposes, internal characteristics of the company, such as corporate governance, play a very important role in determining the level of tax aggressiveness.

Meanwhile, according to Zucman (2014), it provides an important perspective on profit shifting through transfer pricing. His research reveals that although international tax regulations are getting stricter, legal loopholes and differences in regulations between countries still provide room for companies to avoid taxes. Zucman also notes that although some countries have adopted stricter regulations such as Country-by-Country Reporting (CbCR), the main challenge remains in law enforcement and regulatory disharmony between countries, which allows aggressive transfer pricing practices to continue.

In response to this problem, various international institutions such as the OECD and the G20 have initiated global tax reforms aimed at curbing tax avoidance practices. These efforts include stricter transfer pricing documentation requirements, the implementation of country-by-country (CbCR) reporting, and other initiatives within the BEPS framework. However, the effectiveness of these regulations is still debated. Some consider that transfer pricing regulations are often too complex and their implementation is uneven, so that they still provide room for companies to shift profits relatively safely (Zucman, 2014; Beer, de Mooij, & Liu, 2020). On the other hand, the lack of harmonization of tax systems between countries also opens up opportunities for regulatory arbitrage which is used by companies to design aggressive tax structures (Johannesen & Zucman, 2016).

The rest of this article is structured as follows. Section 2 presents a comprehensive literature review on the theories of profit shifting through transfer pricing, including the definition of the concept, the mechanisms used by multinational companies, and its implications for corporate tax aggressiveness. This review also includes an evaluation of previous studies in this area. Next, Section 3 describes the research methodology used in this study, following the guidelines outlined by Denyer and Tranfield (2009) for conducting the SLR process, which consists of five stages or phases, including the literature search strategy, selection criteria, data synthesis approach and reporting the results. Section 4 presents the main findings of the systematic review, while a discussion of these findings is presented in Section 5. Finally, Section 6 summarizes the conclusions and main contributions of this study to the existing literature, and provides suggestions for further research directions in the field of transfer pricing and corporate tax aggressiveness.

METHOD

This study uses the Systematic Literature Review (SLR) method. This review focuses on specific research methods and developments used to collect and evaluate specific relevant research, (Triandini et al., 2019). The use of this method aims to allow researchers to collect and analyze a large amount of literature relevant to the research topic and by synthesizing existing research results. The period 2020–2024 was evaluated during the writing of this article. The research methodology used in this study follows the guidelines outlined by Denyer and Tranfield (2009) for conducting the SLR process, which consists of five stages or phases.

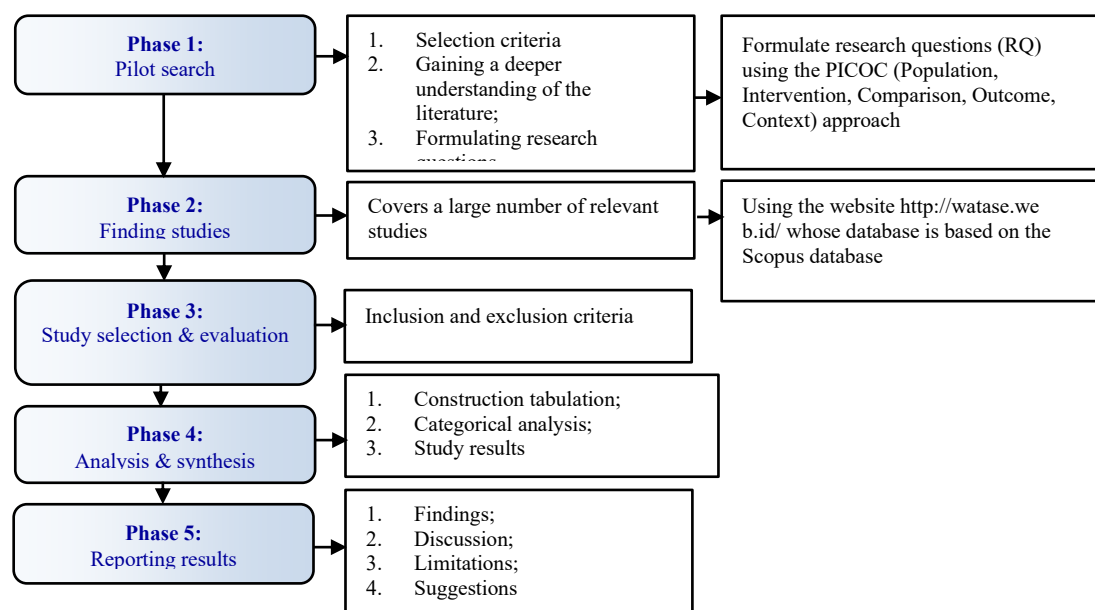


Figure 1. SLR process

Phase 1: and Pilot research formulates research questions

The first step in this research is to conduct a pilot search as an initial stage to explore and identify relevant literature and sources of information related to the topic of profit shifting through transfer pricing and its relationship to corporate tax aggressiveness. This pilot search aims to gain an initial understanding of how transfer pricing practices are used by multinational companies in shifting profits to jurisdictions with low tax rates, as well as to identify various forms of tax aggressiveness strategies, regulatory challenges, and best practices that have been discussed in previous literature.

After that, the author formulates keywords relevant to the research topic, such as "Profit Shifting", "Transfer Pricing", "Corporate Tax Aggressiveness", and "Tax Avoidance" to search literature from electronic databases, especially the Scopus database. The research questions in this study are formulated specifically and focus on how transfer pricing practices affect corporate tax aggressiveness behavior. PICOC Approach (Population, Intervention, Comparison, Outcome, Context) is often used in Systematic Literature Review (SLR) to help researchers formulate explicit, focused, and relevant questions. This model was developed to ensure that the literature review has a clear and comprehensive direction, especially in interdisciplinary studies such as ERP implementation in the public sector (Kitchenham & Charters, 2007; Petticrew & Roberts, 2006). The following is the PICOC framework for this study:

Table 1. PICOC Framework

| Component | Description |
|------------------|---|
| P (Population) | Multinational Enterprises (MNEs) |
| I (Intervention) | Profit shifting practices through transfer pricing |
| C (Comparison) | Companies with conventional tax practices / high compliance |
| O (Outcome) | Corporate tax aggressiveness level |
| C (Context) | Empirical studies or scientific literature in the context of international taxation |

Source: Processed data (2025)

Furthermore, this literature review is guided by the main research questions that determine the focus and scope of the study. The research questions raised include:

RQ1: What are the most common transfer pricing strategies used by multinational companies in carrying out profit shifting?

RQ2: What is the relationship between transfer pricing policies and tax aggressiveness across tax jurisdictions?

RQ3: What factors influence the success or failure of tax authorities in detecting and controlling profit shifting practices through transfer pricing?

This research question serves as the foundation that guides the process of screening and analyzing the literature, and serves as a guideline in formulating conclusions and recommendations. The main focus of this study is to identify patterns, impacts, and challenges and policy responses to profit shifting practices carried out through transfer pricing.

Phase 2: Finding studies

To find relevant research, a systematic literature selection process was carried out from various available data sources. In this study, databases were selected that provide broad access to academic literature relevant to the research question, with the main focus on the Scopus database. In addition, additional sources such as Elsevier, Emerald, and Taylor & Francis were also included to expand the scope of the literature reviewed. The keywords used in the search strategy included terms such as "Profit Shifting", "Transfer Pricing", "Tax Aggressiveness", and "Corporate Tax Avoidance". A specific search protocol was then applied in searching across these databases, adjusting the combination of keywords and filters based on topic, year of publication, and relevance to the research variables. This approach ensures that the literature obtained reflects the theoretical and empirical coverage of transfer pricing practices and their impact on corporate aggressive behavior in their tax obligations.

Phase 3: Study selection and evaluation

The initial search resulted in 200 articles deemed relevant to the research topic. Each article was then evaluated based on the inclusion and exclusion criteria that had been set, namely that the publication had to be published between 2020 and 2024. The evaluation process

was carried out through three stages of elimination: first, elimination of duplicate articles (20 articles); second, exclusion of articles published outside the specified year range (50 articles); and third, exclusion of articles that were not indexed in the Q1 to Q3 journal rankings in the Scopus database (40 articles). After this initial stage, 90 articles remained for further screening. Evaluation was carried out on the full text of the 70 articles that passed the initial screening to determine eligibility for inclusion in the qualitative synthesis. The inclusion and exclusion criteria in this stage were determined based on the suitability of the content to the research objectives, namely to identify the effect of transfer pricing on corporate tax aggressiveness as well as its opportunities, challenges, and regulatory dynamics.

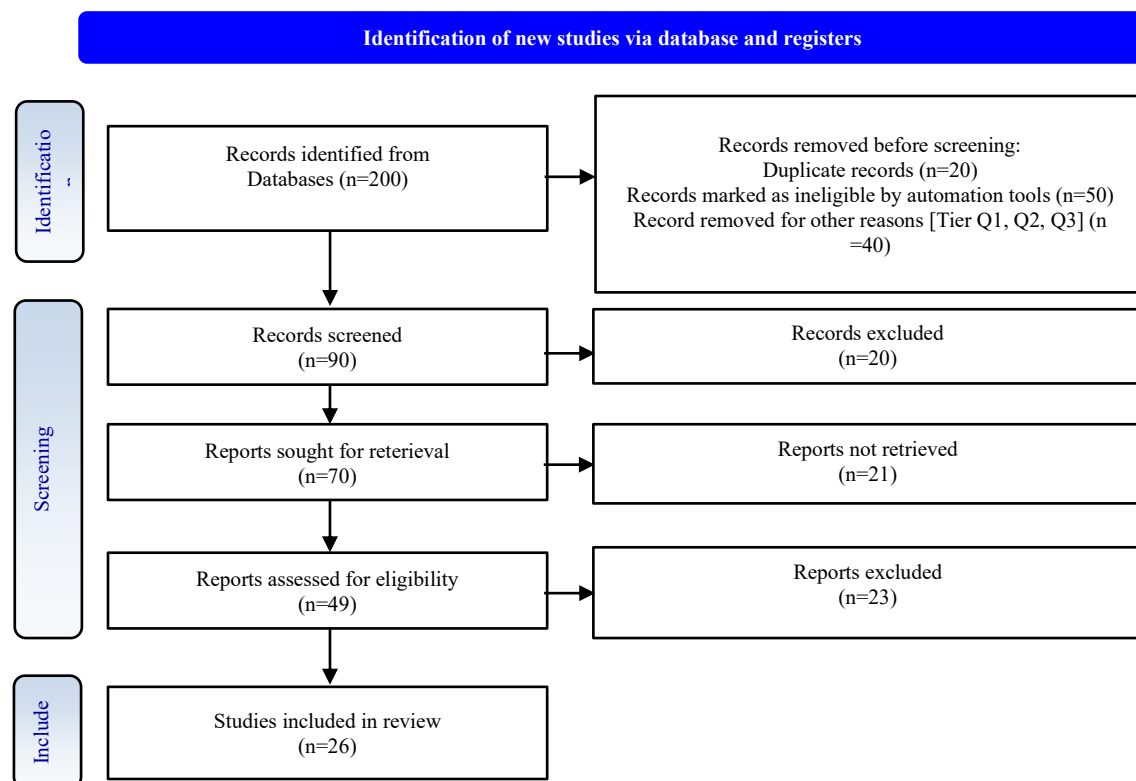


Figure 2. PRISMA Flow Diagram

From the further evaluation, 21 articles were found to contain relevant keywords in their titles or abstracts, but upon further review, their main topics did not fit the context of this study. Some of these articles referred to the term transfer pricing in a different context or did not discuss the issue of profit shifting substantively. In addition, 23 additional articles were excluded because they did not provide sufficient data for further analysis. Ultimately, 26 articles were identified as studies that met all selection criteria and were worthy of in-depth analysis. These articles will be the basis for compiling a qualitative synthesis to answer the formulated research questions. The PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) approach was used in this study to ensure that the literature selection process was carried out systematically, transparently, and replicable. This procedure includes four main stages: identification, screening, eligibility, and final inclusion. Identification. This series of elimination processes will be presented visually in Figure 2 below.

Phase 4: Analysis and synthesis

By analyzing 26 selected articles and systematically extracting data, this study has succeeded in gaining an in-depth understanding of the practice of profit shifting through transfer pricing and its impact on corporate tax aggressiveness. Various findings from the

literature covering jurisdictional contexts, industrial sectors, and cross-country tax policies are synthesized to identify patterns, opportunities, challenges, and regulatory responses to this practice. In addition to thematic synthesis, this study is also complemented by a bibliometric analysis to evaluate the development trend of the topic in the last five years. This analysis includes the number of annual publications, the author's country of origin, and the distribution of articles based on institutional affiliation and the journals that most publish related studies. The results of this bibliometric analysis provide an overview of how academic attention to the issue of transfer pricing and tax aggressiveness has developed globally, and show research contributions from various jurisdictions and economics.

Phase 5: Reporting results

The results of the study are presented in the form of tables and discussion narratives that follow a systematic approach as described by Siddaway et al. (2018). Detailed information provided includes literature search strategies, inclusion and exclusion criteria, study selection processes, quality assessments, data extraction, and the process of synthesizing findings. Each stage is explained transparently to ensure replication and methodological validity. The analysis of the findings is then compiled in the form of a structured and comprehensive scientific report or article, focusing on identifying the effect of transfer pricing on corporate tax aggressiveness. This report also outlines the challenges faced by regulators and policymakers, opportunities for international tax reform, and common practices used by multinational companies in carrying out profit shifting. The final synthesis aims to contribute to the existing literature and provide insights for stakeholders related to cross-jurisdictional tax policy and supervision.

RESULTS AND DISCUSSION

Results

RQ1: What are the most common transfer pricing strategies used by multinational companies in profit shifting?

The results of the literature synthesis in this study show that multinational corporations (MNCs) consistently implement various transfer pricing strategies to shift profits from jurisdictions with high tax rates to countries with lower tax rates. One of the most common strategies used is the transfer price manipulation of intangible assets, such as trademarks, patents, and technology. Because of the difficulty in assessing the market value of intangible assets, companies can easily set prices that do not reflect their true economic value in order to shift profits to more profitable jurisdictions (Taylor et al., 2020). This strategy is often accompanied by the establishment of entities in tax haven countries, which serve as recipients of royalties or other income, thus creating complex corporate structures designed to avoid taxes (Javier Garcia-Bernardo & Janský, 2022).

In addition, the thin capitalization strategy is also one of the main methods of profit shifting. In this scheme, companies in countries with high tax rates receive financing in the form of debt from a group entity located in a low tax country. The interest expense on the loan is then claimed as an expense, thereby reducing taxable profit in that country (Mayangsari et al., 2022). Another strategy that is often found is the practice of mispricing goods and services, where transaction prices between companies in the group are set higher or lower than market prices to shift profits. Jacob (2020) stated that high intragroup transaction volumes are often correlated with income shifting strategies. On the other hand, aggressive structures such as “Double Irish” and “Dutch Sandwich” although starting to be abandoned due to global regulatory pressures, are still found in new variations in several jurisdictions (Kato & Okoshi, 2022). All of these strategies generally exploit imbalances in the international tax system and often do not reflect the principle of arm's length transactions. These practices are even categorized as a form of tax aggressiveness that violates the economic substance of a

transaction (Dyrenge et al., 2020). Therefore, these findings underline the importance of stricter transfer pricing regulations and international cooperation to increase transparency, such as cross-border tax information exchange and risk-based supervision approaches (Farooq & Chisti, 2023).

RQ2: What is the relationship between transfer pricing policies and tax aggressiveness across tax jurisdictions?

The results of a systematic review show that there is a strong relationship between transfer pricing policies and the level of tax aggressiveness carried out by multinational companies, especially in the context of jurisdictions with different tax rates and enforcement. In countries with weak tax oversight systems or loose legal frameworks, transfer pricing practices tend to be used aggressively to shift profits to regions with lower tax burdens. This is reinforced by the study of Sebele-Mpofu et al. (2021), which revealed that multinational companies in developing countries tend to be more aggressive in using transfer pricing as a means of tax avoidance due to the weak capacity of local tax authorities to conduct audits and enforcement. Research conducted by Taylor, Richardson, and Lanis (2020) also found that the existence of intangible assets, such as intellectual property rights, contributes to the increased risk of tax avoidance through transfer price manipulation, especially in jurisdictions that do not have strict valuation guidelines for these assets. On the other hand, jurisdictions with stricter transfer pricing regulations and strict documentation mechanisms, such as the United States and Australia, tend to reduce corporate incentives to engage in tax aggressiveness (Taylor et al., 2020; Taylor et al., 2021).

In addition, the results of a study by Sari et al. (2023) in the Southeast Asian region show that audit quality and transfer pricing regulation enforcement significantly influence the decline in tax aggressiveness practices. When supervision is carried out by auditors who have special expertise in international tax issues, the tendency of companies to exploit transfer pricing loopholes is lower. A similar thing was also stated by Farooq and Chisti (2023), who observed Indian multinational companies before and during. They concluded that inconsistent transfer pricing policies actually increase the opportunities for companies to adjust their tax strategies opportunistically. Other findings from Garcia-Bernardo and Janský (2022) show that globally, countries with high tax rates but loose regulatory systems are the main targets for shifting profits. In fact, complex corporate structures with presence in various jurisdictions facilitate tax avoidance practices even though the country of origin has strict regulations. In other words, although transfer pricing policies can affect tax aggressiveness, their effectiveness is highly dependent on the jurisdictional context, the capacity of tax institutions, and the harmonization of international rules. Overall, the relationship between transfer pricing policies and tax aggressiveness is bidirectional. On the one hand, strong transfer pricing regulations can suppress tax avoidance practices; but on the other hand, the imbalance in enforcement across jurisdictions provides room for companies to continue to manipulate policies for their internal fiscal interests. In some cases, this practice can even be categorized as an illegal act because it abuses existing legal loopholes for systematic tax avoidance (Dyrenge et al., 2024).

RQ3: What factors influence the success or failure of tax authorities in detecting and controlling profit shifting practices through transfer pricing?

The success or failure of tax authorities in detecting and controlling profit shifting practices through transfer pricing is largely determined by a combination of institutional, technical, and regulatory factors. One of the main factors is the institutional capacity of the tax authorities, including the competence of human resources and the sophistication of the technology used in the audit and supervision process. A study by Sari et al. (2023) in Southeast Asia shows that audit quality has a direct correlation with the ability to detect aggressive

transfer pricing practices. When audits are conducted by auditors specializing in international tax, the tendency of companies to manipulate transfer prices can be significantly reduced. Furthermore, the availability and transparency of data across jurisdictions are other important factors. Countries that have implemented an automatic information exchange system between tax authorities (such as Country-by-Country Reporting) have a greater chance of detecting significant differences between reported profits and real economic activity in a country (Garcia-Bernardo & Janský, 2022). However, in many developing countries, the lack of access to cross-border data and limited technological infrastructure make it difficult for tax authorities to identify tax avoidance practices involving foreign entities (Sebele-Mpofu et al., 2021).

The complexity of multinational corporate structures also poses challenges. Cross-ownership structures, the role of shell companies, and the use of tax haven jurisdictions make it difficult for tax authorities to track transaction flows and determine the arm's length price (Taylor et al., 2020). Even in jurisdictions with strong legal frameworks, loopholes in international arrangements allow companies to design business structures that are legally valid but economically intended to avoid tax obligations, a practice that is often considered unlawful in the spirit of the substance of the transaction (Dyrenge et al., 2024). Another factor that influences the success of supervision is the level of international coordination in transfer pricing policies. The lack of harmony in rules between countries regarding transfer pricing methods, the definition of arm's length profit, and tax documentation creates arbitrage space for companies. Farooq and Chisti (2023) show that in India, changes in transfer pricing policies during the pandemic period created uncertainty that companies ultimately exploited to adjust their tax structures. When coordination between authorities is ineffective, profit shifting practices become more difficult to control, even though formal regulations have been put in place. Overall, detection and control of transfer pricing practices require synergy between technical capacity, cross-border data infrastructure, and global tax policy harmony. Without significant improvements in these aspects, supervision efforts will only be reactive and risk losing substantial state revenues due to structured tax avoidance practices.

Discussion

The results of this systematic review reveal the complexity and close relationship between transfer pricing strategies, tax aggressiveness, and challenges of cross-jurisdictional tax authorities. The findings from Research Question 1 show that multinational companies actively utilize various transfer pricing strategies such as intangible asset price manipulation, establishment of entities in tax havens, thin capitalization, and mispricing of goods and services to shift profits to low-tax jurisdictions. In line with this, the findings of Research Question 2 show that transfer pricing policies in various jurisdictions play an important role in shaping the level of corporate tax aggressiveness. Countries with loose regulations or weak law enforcement tend to be fertile ground for profit shifting practices. In contrast, jurisdictions with strict regulations, standardized documentation systems, and high oversight capacity, such as the United States and Australia, have been relatively successful in curbing corporate tax aggressiveness (Taylor et al., 2020; Sari et al., 2023). However, differences in policies between countries actually create opportunities for tax arbitrage, where companies with global structures can adjust their tax strategies according to the weaknesses of the systems in each jurisdiction.

Furthermore, the findings from Research Question 3 highlight that the effectiveness of tax authorities in detecting and controlling profit shifting practices is greatly influenced by institutional capacity, cross-country data transparency, and international coordination in transfer pricing regulations. Tax authorities in developing countries generally face major challenges in terms of resources, cross-jurisdictional access to information, and audit technology. This imbalance is exploited by multinational companies to systematically shift

profits and is often not well detected (Sebele-Mpofu et al., 2021; Garcia-Bernardo & Janský, 2022). Even when regulations have been enacted, without adequate supervision and effective international cooperation, the practice remains difficult to eradicate. Overall, this discussion confirms that the issue of transfer pricing and tax aggressiveness cannot be viewed solely as a matter of accounting or administrative compliance. It is a manifestation of the asymmetry of power between fiscal authorities and global corporate entities in the international tax system. Therefore, a comprehensive cross-country approach, policy harmonization, and strengthening the capacity of tax institutions are needed to promote fiscal justice and close loopholes for tax avoidance that have been aggressively exploited by multinational companies.

Based on the location analysis in the reference articles used in this study, it includes discussions related to the effectiveness of tax documentation, the application of the arm's length principle, and the use of cross-jurisdictional data in detecting tax aggressiveness (Taylor et al., 2020; Garcia-Bernardo & Janský, 2022; Sari et al., 2023). On the other hand, research in developing countries highlights more institutional factors, weak regulations, and limited resources of tax authorities as the main obstacles in controlling tax avoidance practices by multinational companies (Sebele-Mpofu et al., 2021; Farooq & Chisti, 2023). The articles analyzed in this study have been mapped based on the location of the study as shown in Figures 3 and 4. Figure 3 presents the number of articles per country in the form of a bar graph, while Figure 4 provides a spatial representation through a geo chart or world map. This visualization provides a complementary picture of the geographical distribution of academic contributions to the study of transfer pricing and profit shifting. Thus, these two figures play an important role in revealing the regional focus patterns and research intensity on the topic of corporate tax aggressiveness across tax jurisdictions.

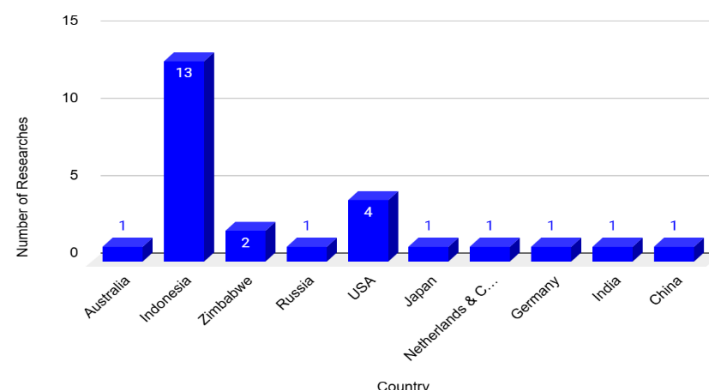


Figure 3. Number of Researchers by Country

Figure 3 presents the number of academic publications reviewed in this study by country of origin. This bar graph visualization provides an overview of the distribution of scholarly contributions across jurisdictions on the topic of profit shifting through transfer pricing and tax aggressiveness of multinational corporations. The countries with the largest number of publications include the United States, Germany, India, Japan, and the Netherlands. The dominance of these countries suggests that most of the relevant literature comes from regions with complex tax systems and high research capacity.

In contrast, countries in Sub-Saharan Africa, Eastern Europe, and Latin America appear to have lower contributions in the number of publications relevant to this theme. This disparity suggests that academic focus and attention on the issue of profit shifting tend to be concentrated in industrialized countries and advanced economies. This finding is important to consider in interpreting the study results because geographic bias can affect the theoretical framework, methodological approach, and generalization of findings in the literature. It provides a strong visual basis for understanding the distribution of academic contributions by country and

strengthens the argument that there is still a regional gap in the development of literature related to transfer pricing practices and tax aggressiveness across jurisdictions.

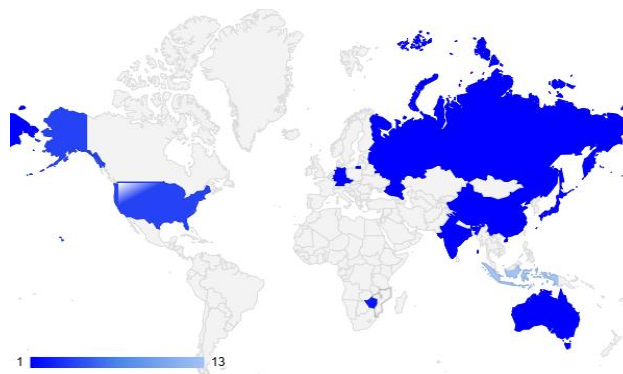


Figure 4. Geo chart of the number of researchers by the country

Figure 4 presents a visual representation in the form of a geo chart (world map) to illustrate the geographical distribution of research on profit shifting through transfer pricing based on the country of origin of the publication. The colors on the map indicate the intensity of each country's contribution, where darker colors represent a greater number of articles, and lighter colors indicate lower or even no contribution. This geo chart provides a spatial context that enriches the understanding of the global distribution of research that has been analyzed in this study. It can be seen that countries such as the United States, Germany, India, the Netherlands, and Japan are the main centers of academic contributions on this topic. The regions of Western Europe, East Asia, and South Asia generally show quite high research intensity. This reflects the level of concern, complexity of regulations, and the capacity of academic institutions in these countries in studying international taxation issues and the tax aggressiveness of multinational companies.

In contrast, Africa, Eastern Europe, and Latin America appear underrepresented in this geo chart. This imbalance suggests a regional gap in the literature on cross-border transfer pricing and tax avoidance. The lack of contribution from certain regions could be due to factors such as data limitations, low research capacity, or lack of policy support for tax research. Thus, Figure 4 complements Figure 3 by providing a strong spatial perspective and emphasizing the importance of expanding the geographic scope of future studies. A more inclusive and contextual approach is needed to produce a more comprehensive and representative understanding of transfer pricing practices globally.

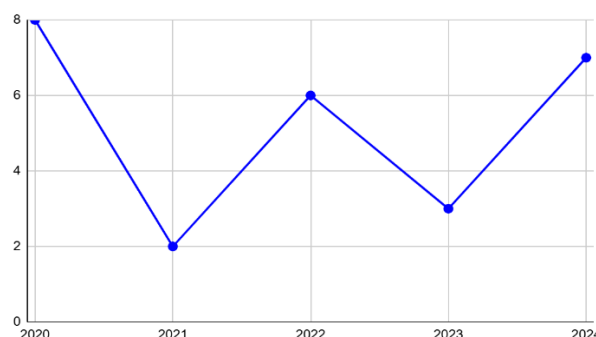


Figure 5. Number of researches by year of publication

Figure 5 displays the number of publications reviewed in this study by year of publication, for the period 2020 to 2024. This graph provides an overview of the development of academic research trends related to profit shifting through transfer pricing and tax

aggressiveness of multinational corporations over the past five years. The graph shows a consistent increase in the number of publications from year to year, with a significant spike in 2022 and 2023. This increase reflects the increasing academic and policy attention to international tax issues, especially in the context of tax avoidance by multinational corporations. This issue is increasingly relevant as global pressure for tax transparency increases, especially following the implementation of initiatives such as the OECD/G20 BEPS (Base Erosion and Profit Shifting) and Country-by-Country Reporting.

The sharp increase in those years can also be attributed to the global economic situation after the COVID-19 pandemic, where many countries are experiencing fiscal pressure and have begun to tighten tax oversight policies to restore state revenues. This condition has encouraged an increase in the number of studies that focus on corporate strategies in shifting profits and how tax regulations respond to these challenges. Thus, Figure 5 strengthens the argument that the topic of profit shifting and transfer pricing is an increasingly growing issue and is receiving widespread attention in contemporary scientific discourse. This visualization also indicates that the literature in this field is dynamic and will continue to develop along with changes in global regulations and corporate strategies.

CONCLUSION

This study aims to understand how transfer pricing strategies are used by multinational companies in carrying out profit shifting and how these practices relate to tax aggressiveness and the effectiveness of cross-jurisdictional tax authority supervision. Based on the results of the Systematic Literature Review of 26 selected articles, it can be concluded that the most common transfer pricing strategies include price manipulation of intangible assets, utilization of entities in tax havens, thin capitalization, and price engineering of goods and services between companies in one group. These strategies allow companies to systematically shift profits from jurisdictions with high tax rates to jurisdictions with lighter rates, thereby significantly reducing the effective tax burden. In addition, this study found that weak, disharmonious, or inconsistent transfer pricing policies between countries are the main factors driving multinational companies' tax aggressiveness. When a country's tax regulations are unable to keep up with the complexity of a company's global structure, policy loopholes can be exploited for unilateral fiscal gain. Conversely, countries with strict supervision, transparent transfer pricing documentation, and high audit capacity tend to be better able to suppress such tax avoidance practices.

The success of tax authorities in detecting and controlling profit shifting practices is highly dependent on institutional strength, cross-jurisdictional data transparency, and effective international cooperation. Without synergy of these factors, aggressive transfer pricing practices will continue to be a major challenge in creating a fair and sustainable global tax system. Therefore, this study recommends the need for harmonization of transfer pricing policies between countries, increasing the capacity of national tax institutions, and strengthening international cooperation mechanisms, including information exchange and cross-jurisdictional audits, in order to minimize tax avoidance practices that are detrimental to state revenues. This study also opens up opportunities for further, more in-depth studies, especially in assessing the effectiveness of transfer pricing policies that have been implemented in various jurisdictional contexts empirically.

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