



IMPLICATION OF TRANSFER PRICING SCHEME ON MANUFACTURING COMPANIES' PROFITABILITY IN TANZANIA: A CASE OF DAR ES SALAAM STOCK EXCHANGE

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ABSTRACT: *The main objective of the Study was to assess the implication of transfer pricing scheme on manufacturing companies' profitability in Tanzania. Specifically aimed to determine the cause and effect relationship of interest payments on related party loans, payment of service fee on intercompany services and royalty payments for the use of related party intangible properties on manufacturing companies' profitability. The study adopted a positivism philosophy and adopted deductive reasoning. The secondary data was collected from 4 manufacturing firm's annual report for the period of 2013 to 2022. The study used multiple linear regression for data analysis and this was done through STATA software version 14.2. The study findings show that Interest payments on related party loans has significant negative effect on manufacturing companies' profitability. Furthermore, the result shows that payment of service fee on intercompany services has no significant effect on manufacturing companies' profitability. Finally, Royalty payments for the use of related party intangible properties has significant positive effect on manufacturing companies' profitability. Current study recommends that, for companies to comply with relevant transfer pricing regulations, close supervision by taxing authority (TRA) is considered necessary to reduce unhealthy transfer pricing practices. Also, study recommends that interest payments on related party loans should be set at values that would not negatively impact the financial performance of manufacturing firms in Tanzania. Related party companies should set transfer price to reflect the ALP (arm's-length price) that unrelated parties would agree to in the same circumstances for transfer or use of similar intangible property. Moreover, the study recommends government to put in place monetary policies that will facilitate financial performance of listed manufacturing companies and ensure proper regulation of the financial institutions so as to provide adequate credit facilities for the manufacturing firms in Tanzania.*

KEYWORDS: Transfer Pricing, Transfer Pricing Scheme, Profitability



BACKGROUND TO THE STUDY

The globalization of the economy has made it possible for businesses to become more competitive globally, leading to an increase in their market shares and strategic alliances (Pamungkas & Nurcahyo, 2018). As a result, businesses are expanding globally through subsidiaries and other means, driven by a constant search for economies of scale and cost reduction that will improve their financial performance. The exchange of goods and services between multinational corporations primarily occurs in locations where they have a suitable link. When it comes to international taxation, this phenomenon is referred to as transfer pricing (TP). Pamungkas & Nurcahyo (2018) researched on the relationship between transfer pricing and multinationality, the impact of sound corporate governance, and the performance of companies in tax evasion and revealed that TP accounts for more than 60% of global commerce.

Regional organizations like the Inter-American Centre of Tax Administration (CIAT) and the African Tax Administration Forum (ATAF) have recognized transfer pricing as essential to enabling nations to get their fair share of tax revenue (Wausi, 2015). Ouelhadj et al (2023) carried out a study on transfer pricing and Financial Performance in Algerian Companies and discovered that African nations have adopted comprehensive regulations in accordance with the arm's length principle, acknowledged the significance of transfer pricing in their globalized economies and started to develop the administrative frameworks and skill sets required to put them into practice. Furthermore, transfer pricing regulations grounded in the arm's length principle are seen by developing nations as both an essential defensive strategy to safeguard their tax bases and a crucial component of establishing a business climate that encourages global investment and trade (Ouelhadj et al, 2023).

Tanzania implemented transfer pricing regulations and guidelines since 2014, with the goal of providing taxpayers with guidance on the procedures to be followed in determining arm's length prices and ensuring consistency in the administration of the Income Tax Act, Cap.332 and its regulations while taking into account the Tanzanian business environment. These changes were meant to provide both a broad overview and practical assistance on concerns and aspects to be considered in arriving at an acceptable arm's length price. Kiluma (2017) examined Transfer Pricing in Tanzania by assessing Foreign Investors' Transparency Obligations and concluded that although Tanzania has transfer pricing regulations on paperwork, the policies still need to be modified.

Taxes are strongly related to investment objectives, so it is vital to select an investment site within a region. Multinational corporations employ transfer pricing across connected companies to generate revenue for affiliated companies with varying tax rates (Wangai, 2016). Many multinational corporations register transfer pricing transactions in two separate reports, one for management accounting and one for tax reporting. Multinational corporations are increasing their wealth by maximizing global earnings while lowering global taxes by establishing affiliates in low-tax countries and tax havens. Tax avoidance has a favorable impact on business earnings, as many organizations engage in international transfer mispricing (Niswa, 2021).

Companies gain from the international transfer pricing scheme in numerous ways. Transfer pricing strategies are commonly utilized to reduce import duties and income taxes in international trade with linked parties (Widjaja, 2021). The primary goal of transfer pricing



manipulation is to move earnings while also determining and estimating the profitability of all business entities in each division of tax compilation (Wausi, 2015). Furthermore, profit accounting in a country with high tax rates efficiently cuts the tax by overstating the import price and understating the export price, lowering the Group's tax rate. The government subjectively perceives tax avoidance as one of the transfer pricing objectives in corporations (Niswah, 2021).

Furthermore, transfer pricing has the potential to lower the government's tax collections. The shifting of corporate profits from high-tax countries to low-tax countries may have an impact on the tax burden that businesses must bear. The more of these procedures are implemented, the less tax money the state can generate (Baroroh et al, 2021). The problem of transfer pricing is becoming more prevalent as a result of cross-country transactions with the potential to abuse transfer prices, as well as less comprehensive and systemic treatment of transfer prices. Transfer pricing transactions have lowered, if not eliminated, a country's tax income potential (Ouelhadj et al, 2023).

The contribution of multinational corporations (MNCs) to a country's revenue via corporate tax payment is influenced by a variety of factors, including how companies structure their dealings with affiliated companies. To accurately contribute to corporate tax, multinational corporations must, among other things, conduct transactions with associated firms at arm's length. There is a belief that MNCs frequently manipulate transfer prices to shift profits. These transfer prices are important to establish the allocation of earnings between affiliates of a multinational corporation (Wausi, 2015).

Transfer pricing have many challenges to revenue authorities due to the risk of tax base erosion caused by the ability of Multinational Corporations to use transfer mispricing and shift profit from one jurisdiction to another. Manufacturing companies in developing countries, notably Tanzania, have documented years of underperformance and issued profit warnings, with transfer pricing being one of the causes (Luhende, 2022). Transfer pricing has an impact on manufacturing enterprises in developing countries because it affects profitability by changing the margins and performance of each company's unit (OECD, 2022). Furthermore, there is a problem of underpricing exports from high tax jurisdictions to a low tax one, which results in less profit being earned in the high tax jurisdiction. It also happens when exports from low tax jurisdiction to high tax jurisdiction are overvalued, resulting in more profits being recorded in the low tax jurisdiction, which affects tax revenue collections by government (Orbunde et al, 2021).

Despite government efforts, such as the implementation of Tanzania Transfer Pricing Regulations in 2014, manufacturing companies continues to face transfer pricing issues. According to Luhende (2022), the International Taxation Unit of TRA has collected Sh1.2 trillion from the extractives industry since its creation in the fiscal year 2011/12, which would have otherwise gone uncollected. Transfer mispricing results in reduced profits in the buying division, making its performance appear poorer than it would otherwise be. The sales sector, on the other hand, will look to be doing well. A reduced transfer price, on the other hand, benefits the buying division (Ouelhadj et al., 2023). Failure to control transfer pricing may harm the performance of such enterprises and the country's economy (Widjaja, 2021).



Previous scholars, like Ouelhadj et al. (2023), Pamungkas and Nurcahyo (2018), and Hillary (2016), have outlined the primary problems of transfer pricing in developing countries but none has specifically determined the effect of transfer pricing schemes on manufacturing companies' profitability, this was the focus of current study based on chosen variables (interest fee/payment, service fee, and royalty fee). Therefore, this study was conducted to assess the implication of transfer pricing schemes on manufacturing companies' profitability in Tanzania.

RESEARCH METHODOLOGY

Research Philosophy

The researcher applied positivism philosophy that lead to collection of quantitative data for statistical analysis and interpretation. Positivists believe that the essence of human behavior and society is objective and can be scientifically measured. This study emphasizes on objective assessments using statistical and numerical analysis.

Research Design

The research adopted deductive reasoning since it is useful for achieving the study's objectives and testing of the study hypothesis. The data used in this study were secondary and mostly quantitative that calls for statistical measurement. The study established a cause-and-effect relationship between the independent and dependent variables. Further current study used longitudinal research strategy since the data collected is time series in nature covering a period of ten years from 2013 to 2022.

Area of the study

This study was conducted in Tanzania Mainland. Specifically, the study comprised of manufacturing companies listed at the Dar es Salaam stock exchange (DSE). DSE includes both companies with single location and those belonging to multinational corporations with presence in different jurisdictions around the world.

Population

The target population was all listed manufacturing companies at DSE. Currently there are seven manufacturing companies listed in DSE but only four (4) listed manufacturing firms have multinational operations with related party transactions. Therefore, the study purposeful selected only four manufacturing firms listed at DSE with related party transactions. Data from these companies was collected for a period covering ten (10) years from 2013 to 2022.

Source of data and Data Collection Methods

This research made extensive use of secondary data. Data was collected through documentary review. The data was obtained by reviewing the companies' annual reports and financial statements for the period covering ten (10) years from 2013-2022. The information collected include the total profit generated by those companies, service fee, interest fee and royalty fee over a period of 2013 to 2022.



Data Analysis Methods

The data of this study was analyzed using multiple linear regression analysis through STATA software. The causal and effect relationship between explanatory variables and dependent variable was established. The model estimation equation used is as shown below;

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \varepsilon$$

Where;

Y = Profitability: The profit before tax

X₁ = Interest fee: Interest payment by the member of the Group Company to another affiliated company in respect of the receipt of loans from the affiliated company

X₂ = Service fees: Fees paid as a result of provision of Intra group Services by a member of group company to another member of the group

X₃ = Royalty payments: Royalty payment from one Group Company to another affiliated company for the exploitation of any intangible property

β_0 = Co-efficient of the model

$\beta_1 - \beta_3$ = Beta Co-efficient of Determination

ε = Stochastic Error Term

Measurement of Variables

Table 2. 1 Measurement of Variables

N/S	Variable	Measurement
1	Profitability	The profit before tax in TZS
2	Interest fee	Total annual interest payments on related party loans in TZS
3	Royalty fee	Total annual Royalty payments for the use of related party intangible properties in TZS
4	Service fee	Total annual payment of service fee on intercompany services in TZS.

RESULTS AND DISCUSSIONS

Descriptive Statistics

This study mainly used descriptive analysis to determine measures of central tendency such as mean, range, variance, standard deviation, and shape of the distribution of a dataset of variables of study. From the table 3.1 interest payments on related party loans has a mean of 2568.575 and a standard deviation of 4917.388. The interest payments on related party loans also range from 0 to 16029. This result implies a high variation in interest payments on related party loans for the sample. The results show that payment of service fee on intercompany services has a mean of 15816.6 and a standard deviation of 15203.34 which range from 0 to 51581. Similarly, the result implies a high variation of the payment of service fee on intercompany services for the sample. The results show royalty payments for the use of related party intangible properties has a mean of 4012.9 and a standard deviation of 7511.943 which range from 0 to 25816. This result implies a high variation of royalty payments for the use of related party intangible properties for the sample.

Table 3. 1 Descriptive statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Profitability	40	98757.4	83942.19	-36855	315973
Interest fee	40	2568.575	4917.388	0	16029
Service fee	40	15816.6	15203.34	0	51581
Royalty fee	40	4012.9	7511.943	0	25816

Source: Author 2024

Diagnostic Tests

The study tested statistical assumptions. This study model underlying assumptions were tested before it can be utilized as a model of data analysis. The key assumptions affecting the study are discussed herein.

Multicollinearity Test

Multicollinearity is the circumstance in which independent variables are significantly connected. Calculating the Variance Inflation Factor (VIF) tests for multicollinearity. According to the rule of thumb, when centered VIF coefficients greater than 10 indicate the presence of multicollinearity. The VIF values in the Table 3.2 below are less than 10 so no multicollinearity problem.

Multicollinearity Test

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
Interest fee	64.97844	2.773697	1.086468
Service fee	2.402281	50.74908	2.394131
Royalty fee	7.327065	26.73311	2.521554
C	1.864309	23.82044	NA

Source; Researcher (2024)



Heteroskedasticity

Heteroskedasticity assumes that the dependent variable(s) have identical degrees of variance over the range of the independent variable(s). The Breush-Pagan and White tests were employed to determine homoscedasticity. The results show that the null hypothesis cannot be rejected because the p-values of the tests are significantly higher than 0.05. The results conclude that there is no heteroscedasticity problem, and no further modifications for the sample are required.

Table 3. 3 Heteroskedasticity Result

Ho: Constant variance
Obs*R-squared = 4.353223
P-value = 0.2258

Source; *Researcher (2024)*

Unit root test

Stationary denotes that a variable's mean, variance, and auto correlation remain constant across time. In this study, the stationary of the data is examined using the ADF type-a unit root test for unbalanced panels, as described by Maddala and Wu (1999), where a p-value greater than 5% indicates that the data has a unit root but is non-stationary, and vice versa. The results in table 3.4 below show that all the variables are stationary at first difference. This implies that there was no unit root problem.

Table 3. 4 Unit root test

Variable	p-value	Remarks
Interest fee	0.0041	Stationary
Service fee	0.0001	Stationary
Royalty fee	0.0101	Stationary

Source; *Researcher (2024)*

Correlation Analysis

This study used a correlational analysis which is basically concerned with assessing relationships among independent and dependent variables. The variation could be negative (indicating a negative relationship between the variables) or positive (indicating a positive relationship between the variables). Pearson correlation was used to determine the relationship between variables (interest payments on related party loans, payment of service fee on intercompany services and royalty payments for the use of related party intangible properties)) towards the profitability of manufacturing companies.

**Table 3. 5 Correlation Coefficients**

Variables	profitability	Interest fee	service fee	royalty fee
Profitability	1.0000			
Interest fee	-0.5274	1.0000		
Service fee	0.7894	-0.1759	1.0000	
Royalty fee	0.6075	-0.1374	0.9353	1.0000

Source; *Researcher (2024)*

The correlation matrix shows the interest payments on related party loans has negative correlation on manufacturing companies' profitability, there is a strong negative correlation. This implies that, as interest payments on related party loans increases, manufacturing companies' profitability will highly decrease. This can lead to transfer price adjustments on disproportionate interest which may result in an unnecessarily heavy tax liability. This study finding support the study findings by Bouazzama in 2021, in his work titled transfer pricing and choice of financial performance of the economy, he discovered that as interest rates rise, the cost of financing rises, resulting in firms spending much more to expand operations.

The correlation matrix shows the payment of service fee on intercompany services has strong positive correlation. The strong positive correlation implies that, as payment of service fee on intercompany services increase, manufacturing companies' profitability will highly increase. Devita and Sholikhahin 2021 discovered that the movement of income to tax havens is usually through the manipulation of service fees such as management, technical, administrative, procurement, and marketing costs. They further support the findings by stating that, service fee may have a positive impact on the cash and taxable income position of each business within a global corporation. Also, service firms generate taxable revenue and receive cash from associated entities.

The correlation matrix shows the royalty payments for the use of related party intangible properties has a strong positive correlation with manufacturing companies' profitability. The positive correlation implies that, as royalty payments for the use of related party intangible properties increase, manufacturing companies' profitability will increase at an increasing rate. Niswah in 2021 discovered that the amount of royalty fees is regarded as the cost of using assets. In customs appraisals, the value of intangible assets is appraised based on whether those assets are included in the amount actually paid or payable for the imported items, which can be substantial to the companies. Niswah (2021) findings supported the study by showing that there was a positive correlation between reported royalty rates and company profit margins.

Regression Analysis

This study applied a multiple linear regression model to identify the implications of interest payments on related party loans, payment of service fee on intercompany services and royalty payments for the use of related party intangible properties and their impact on manufacturing companies' profitability. The results of the regression analysis are discussed in relation to each of the independent variables below.

**Table 3. 2 Multiple Regressions**

Variable	Coef.	Std. Err.	T	P	[95% Conf.	Interval]
Interest fee	-7.150292	1.193977	-5.99	0.000	-9.571789	-4.728795
Service fee	.6313176	1.080655	0.58	0.563	-1.560352	2.822987
Royalty fee	7.185051	2.173642	3.31	0.002	2.776701	11.5934
_cons	78305.27	11891.34	6.59	0.000	54188.52	102422
Prob > F = 0.0000						
R-squared = 0.8304						
Adj R-squared = 0.8162						

Source; *Researcher (2024)*

Fitness of the Model

This demonstrates the magnitude of the association between the predictor and outcome variables. The R² shows how much of the overall variation in the dependent variable can be explained by the explanatory factors. The R-Square in the study is 0.8304 which indicates that variations in independent variables (interest payments on related party loans, Payment of service fee on intercompany services and Royalty payments for the use of related party intangible properties) can explain collectively 83.04% of the variance in the dependent variable (manufacturing companies' profitability). Then the study found that the adjusted R² of the model was 0.8162 which implies that the linear regression explains 81.62% of the variance in the data. From the r squared results, it means that factors studied contribute 83.04% on manufacturing companies' profitability and other factors which was not part of this study contribute 16.96% of the manufacturing companies' profitability.

Significance of study variables

The study further examined the implications of interest payments on related party loans, payment of service fee on intercompany services and royalty payments for the use of related party intangible properties on manufacturing companies' profitability operating in Tanzania by generating analysis of variance output results as shown in Table 3.6 above to determine whether the regression model significantly predicts the outcome variable. The results generated as indicated by Prob > F is statistically significant because the p-value of 0.000 is less than 0.05. This implies that, statistically, the model applied significantly in predicting the manufacturing companies' profitability in Tanzania.

Relationship between variables (model coefficients)

This section establishes the relationship between independent variables (interest payments on related party loans, payment of service fee on intercompany services, royalty payments for the use of related party intangible properties) and dependent variables (manufacturing companies' profitability).



The main purpose of this study is to assess the implication of transfer pricing scheme on manufacturing companies' profitability in Tanzania. To correctly capture the effect of determinants of manufacturing companies' profitability, the estimated model made use of three (3) variables namely interest payments on related party loans, payment of service fee on intercompany services and royalty payments for the use of related party intangible properties.

The regression results show that, interest payments on related party loans and royalty payments for the use of related party intangible properties have statistically significant results with p value less than 0.05 while payment of service fee on intercompany services have statistically insignificant results with p value greater than 0.05. Multiple regression equation was adopted to predict dependent variable from the independent variables as shown below:

Estimated model

$$Y = 78305.27 + -7.150292 IF + .6313176 SF + 7.185051 RF$$

Where:

IF is Interest fee

SF is Service fee

RF is Royalty fee

Regarding the relationship between interest payments on related party loans and the manufacturing companies' profitability, the hypothesis on the implications of interest payments on related party loans to the manufacturing companies' profitability was tested and shown statistical significance effect between the interest payments on related party loans to the manufacturing companies' profitability. The estimated coefficient of interest payments on related party loans is -7.150292 which implies that a unit increase in interest payments on related party loans would decrease the manufacturing profitability by -7.150292 units. Also, the p-value is 0.000 which is less than 0.05. Thus, at a 5% level of significance, this study concludes that interest payments on related party loans have negative but significant effect on the overall Manufacturing companies' profitability.

These findings are supported by (Orbunde et al, 2021), who evaluated the impact of interest rates on the financial performance of listed manufacturing companies in Nigeria between 2009 and 2018. The study's dependent variable was financial performance as assessed by return on assets (ROA) and return on equity (ROE), with interest rate (ITR) as the independent variable. Secondary data on financial performance were gathered from the annual reports and accounts of 28 manufacturing enterprises. The results revealed that interest rates had a considerable negative influence on ROA but no significant impact on ROE of listed manufacturing enterprises in Nigeria.

Furthermore, the study tested hypothesis on the relationship between payments of service fee on intercompany services and manufacturing companies' profitability in Tanzania, the results depict statistical insignificance relationship between the Payments of service fee on intercompany services on manufacturing companies' profitability in Tanzania. The estimated coefficient of Payment of service fee on intercompany services is .6313176 which implies that a unit increase in Payment of service fee on intercompany services would result to an increase manufacturing companies' profitability by .6313176 units. Also, the p-value is 0.563 which is



greater than 0.05. Thus, at a 5% level of significance, current study concludes that, Payment of service fee on intercompany services had insignificant contribution to the overall manufacturing companies' profitability.

Wausi (2015) in his study of the impacts of transfer pricing on revenue generation by multinational corporations in Kenya, suggested that as organizations grow worldwide, it makes sense to concentrate some management, administrative, and technical services in one location. Centralized services can significantly cut expenses while allowing businesses to standardize operations and procedures. However, corporations growing worldwide may not prioritize what is commonly regarded as a tax-related concern. This finding found that, Service fee have a negative impact on the revenue and taxable income position of a business. The different between the findings of this study and (Wausi 2015) findings might be caused by different motive and circumstance behind service fees payment. A member of the MNE might make service fee payment to affiliated entity which reflect the genuine service received intending to enhance its business operations. Also service fee payments might be made for the services which was not rendered or the fees are overpriced or the services do not have benefit to the business which will have a negative impact in the revenue of the company.

Another hypothesis tested on relationship between royalty payments for the use of related party intangible properties and manufacturing companies' profitability in Tanzania and results shows the statistical significance relationship between royalty payments for the use of related party intangible properties and the manufacturing companies' profitability in Tanzania. The estimated coefficient of royalty payments for the use of related party intangible properties is 7.185051 which implies that a unit increase in royalty payments for the use of related party intangible properties would lead to increase in manufacturing companies' profitability by 7.185051 units. Also, the p-value is 0.002 which is less than 0.05. Thus, at a 5% level of significance, this study concludes royalty payments for the use of related party intangible properties contributed significantly to the overall manufacturing companies' profitability.

Niswah (2021) investigated how profitability affected the variables influencing transfer pricing in Indonesia and concluded that taxpayers engaging in transactions involving the payment of royalties to nonresident related parties should make sure they have the proper transfer pricing documentation to support both the formalities involved in the transactions and the underlying content, particularly the fact that the party receiving the royalties contributed to the creation of the related intangible assets' value. The findings also showed that there was a positive link between reported royalty rates and company profit margins.

CONCLUSION AND RECOMMENDATIONS

Conclusion

Based on the findings, this study conclude that manufacturing companies' profitability continues to be a crucial driver in Tanzania's manufacturing industry. As a result, transfer pricing is a critical issue in the realm of international business and taxation, and it is becoming increasingly important as globalization reshapes the corporate environment. Companies that trade within the same MNE tend to quote a lower selling price and charge higher purchasing price to divisions in high-tax jurisdictions (cutting profit) and quote a higher selling price and charge lower purchasing price (raising profit) to divisions in low-tax jurisdictions. One of the



main reasons businesses participate in transfer pricing is to maximize their tax responsibilities. Businesses can legitimately lower their overall tax burden by strategically pricing transactions involving connected entities. For example, they can transfer and allocate higher profits to firms located in low-tax jurisdictions, resulting in huge tax savings.

Furthermore, the study concludes that good transfer pricing management by Taxing Authority is key in helping to alleviate the tax problem on related party transactions, which occur when the same income is taxed in various countries. Also, by aligning prices with market realities that is charging arm's length prices, businesses can lower the risk of tax adjustments and assessments resulting from audits conducted to combat transfer mispricing. Properly planned transfer pricing can boost a company's financial success. By appropriately allocating profits and costs across different entities within the corporate structure, a company may give an accurate image of its financial health to investors and other stakeholders.

Recommendations

This study recommends to the government to implement monetary policies that will improve the financial performance of publicly traded manufacturing companies and ensure proper regulation of financial institutions in order to provide adequate credit facilities to manufacturing firms. Example policies to lower the cost borrowing in the financial institution including lowering the interest rates. Also the policy makers should ensure that transfer pricing legislation are accurately structured and timely updated in line with changes that occur in business world. Furthermore, this study recommends that MNEs should always follow the necessary transfer pricing legislation of the countries in which they operate. Significant oversight by tax authorities is regarded important to reduce unhealthy transfer pricing practices, such as transfer mispricing.

This study further recommends that interest payments on related party loans be fixed at levels that do not have a negative impact on the financial performance of Tanzania's listed manufacturing enterprises. Managers should carefully consider interest rates while making borrowing decisions from connected companies. Furthermore, royalty fees relating to intangible properties should be imposed on intangible properties that were used by the company in the relevant year and contributed to revenue. The intercompany transfer price should reflect the ALP (arm's-length price) that unrelated parties would agree to for the transfer or use of comparable intangible property. For domestic taxpayers, the Regulations should provide guidelines on how to estimate the ALP in such cases.



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