

Manipulation of Export Values through Under-Invoicing in Related-Party Transactions as a Modus Operandi of Trade-Based Money Laundering: A Legal Analysis of the Transfer of Economic Value in International Trade

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Article Info	Abstract
Corresponding E-Mail: ✉ saima.arifiah@ui.ac.id History: Submitted: 1 September, 2026 Revised: 28 September, 2026 Accepted: 11 Oktober, 2026 Keyword: Under Invoicing; Related Party Transactions; TradeBased Money Laundering; Economic Value Transfer; International Trade Law.	<i>Export value manipulation through under invoicing in related-party transactions has evolved beyond a trade compliance issue into a mechanism for cross-border economic value transfer with potential characteristics of Trade-Based Money Laundering (TBML). This study aims to examine the juridical characteristics of under invoicing in related-party transactions and its legal qualification as a form of TBML under Indonesian law. The research employs a normative legal research method using statutory, conceptual, and comparative approaches based on legislation, legal doctrines, international standards, and scholarly literature. The findings demonstrate that under invoicing should not merely be regarded as a customs administrative violation or a transfer pricing issue, but rather as a mechanism for transferring economic value through manipulated pricing in related-party transactions. Conceptually, such practices correspond to the indicators of TBML, particularly when they are conducted systematically without legitimate commercial justification. The study further finds that the principal challenge in addressing under invoicing in Indonesia lies in the fragmented legal regime, where customs, tax, international trade, and anti-money laundering laws operate independently. The novelty of this research lies in introducing the economic value transfer perspective as a legal analytical framework for understanding under invoicing in related-party transactions.</i>



I. Introduction

International trade is fundamentally built upon the principles of good faith, transparency, and the fairness of transaction values (fair value).¹ In practice, however, international trade has evolved into one of the most effective instruments for concealing cross-border transfers of wealth without necessarily moving funds through the formal financial system. Behind export documents that appear administratively legitimate may lie practices involving the manipulation of transaction values, systematically diverting economic benefits to other jurisdictions.² This phenomenon demonstrates that international trade is no longer merely an instrument of economic growth, but has also evolved into a medium for transnational economic crime that exploits the legitimacy of trading activities to conceal the transfer of economic value.

Under-invoicing is one of the most complex and difficult-to-detect forms of trade manipulation. This *modus operandi* involves reporting an export value that is lower than the actual value of the transaction, thereby making the trade documents formally appear to satisfy administrative requirements while, in substance, failing to reflect the actual economic value of the goods traded.³ The legal issue does not merely lie in the existence of a price discrepancy, but rather in the deliberate transfer of economic value (value transfer) outside the jurisdiction of Indonesia through transactions that appear legally legitimate.⁴ Accordingly, what is transferred is not merely the exported commodities, but also the economic benefits that should otherwise constitute part of the country's export proceeds, taxable base, and national trade performance indicators.

This phenomenon has received serious attention following the government's disclosure of alleged practices involving the manipulation of export values of strategic commodities, particularly crude palm oil (CPO) and coal.⁵ Based on the transaction patterns disclosed, exporters were allegedly

¹ Munir, Usman, and Firzhal Arzhi Jiwantara. "Prinsip Good Faith dan Good Governance dalam Hukum Kontrak Bisnis Internasional dan Hukum Administrasi Negara." *Jurnal Ilmu Sosial dan Humaniora* 4.4 (2026): 531-541.

² Teresia Din, S. H., et al. *Hukum Transaksi Bisnis Internasional*. CV Rey Media Grafika, 2026: 87.

³ Harya, Gyska Indah, Teguh Soedarto, and Hamidah Hendrarini. *Standar Mutu dan Sertifikasi Produk Ekspor Komoditas Perkebunan*. PT Ghani Press Group, 2026: 117.

⁴ Puspasari, Putri Suli. *Kesepakatan Harga Transfer (Advance Pricing Agreement) di Indonesia*. TaxPrime Academy, 2021: 53.

⁵ CNBC Indonesia. "Manipulasi Harga Ekspor CPO RI Sudah Lama Terjadi, Salahnya di mana?", available online <https://www.cnbcindonesia.com/news/20260521164610-4-736788/manipulasi-harga-ekspor-cpo-ri-sudah-lama-terjadi-salahnya-di-mana>.

selling commodities to their foreign-related companies at prices substantially below international market prices. Physically, the goods were delivered directly to the ultimate buyers; however, for administrative purposes, the transactions were initially recorded as sales to related companies at significantly reduced values. The related companies subsequently resold the commodities to the ultimate buyers at the actual market price, thereby retaining the difference in profit overseas. This scheme demonstrates that the manipulation is not directed at the goods being traded, but rather at the transaction value that serves as the basis for determining the legal rights and obligations of the parties.

From a legal perspective, such practices cannot be viewed merely as matters of transfer pricing or tax avoidance. An analysis that confines under-invoicing solely to the tax regime risks reducing the complexity of the underlying legal issue. When the manipulation of export values is conducted through cross-border related-party transactions with the purpose of retaining the resulting profit differential in another jurisdiction, the object actually transferred is no longer merely the goods, but rather the economic value associated with the transaction.⁶ Such characteristics are consistent with the concept of Trade-Based Money Laundering (TBML), namely the use of international trade transactions as a means of concealing the origin, movement, or ownership of economic value through the manipulation of trade documentation.

Although under-invoicing is not a new phenomenon in international trade, the development of *modus operandi* involving related-party transactions indicates a transformation in the forms of economic crime toward increasingly complex structures. Affiliated relationships provide parties with greater latitude to determine transaction prices that are not entirely subject to market-driven pricing mechanisms, allowing the prices stated in trade documents to deviate from the actual economic value of the goods.⁷ Under such circumstances, the related company does not merely function as a trading intermediary, but also serves as a legal instrument through which economic value can be transferred to another jurisdiction through transactions that appear formally legitimate. Consequently, the legal form of the transaction may conceal its underlying economic substance, making such value transfers

⁶ Teresia Din, *ibid*, hlm. 20.

⁷ Rahman, Fathur. "Praktik affiliate marketing pada platform e-commerce dalam tinjauan hukum ekonomi syariah." *Istidlal: Jurnal Ekonomi Dan Hukum Islam* 6.1 (2022): 24-37.

difficult to identify when assessed solely through sectoral approaches under customs or tax law.

This issue demonstrates that under-invoicing can no longer be understood merely as an administrative violation arising from discrepancies in the export value declared in customs documentation. In practice, the manipulation of export values generates considerably broader legal consequences, including the reduction of export proceeds, distortion of international trade statistics, erosion of the tax base, and the transfer of economic value that should otherwise remain within the jurisdiction of Indonesia to another country through related-party transaction mechanisms.⁸ Accordingly, the resulting harm does not merely consist of losses in state revenue, but also includes the weakening of the integrity of the international trading system, which should be founded upon the principles of transparency, fairness, and good faith.

At the same time, Indonesia's legal framework continues to address under-invoicing through a fragmented regulatory approach. Customs law focuses on the accuracy of declared customs values; tax law emphasizes transfer pricing adjustments based on the Arm's Length Principle; while trade regulations primarily emphasize compliance with export requirements and provisions concerning export proceeds.⁹ Such fragmented approaches have resulted in under-invoicing more frequently being characterized as an issue of trade administration or tax compliance, despite the fact that its factual characteristics demonstrate the cross-border transfer of economic value, which shares similarities with Trade-Based Money Laundering (TBML) practices recognized under international anti-money laundering frameworks.

The existing literature on under-invoicing in Indonesia generally remains oriented toward customs law, taxation, and transfer pricing. Existing discussions primarily focus on the application of the Arm's Length Principle as an instrument for assessing the reasonableness of related-party transaction prices and its implications for tax avoidance and state revenue. Meanwhile, studies concerning Trade-Based Money Laundering tend to examine money laundering through trade in general, without specifically connecting the phenomenon to the manipulation of export values through related-party transactions. Consequently, the conceptual relationship between under-

⁸ Azizah, Wafik, and Binar Nan Baik. "Memahami liberalisasi perdagangan: Dampak dan implikasinya dalam konteks ekonomi global." *Jurnal Akademik Ekonomi Dan Manajemen* 1.4 (2024): 251-265.

⁹ Alfandia, Nurlita Sukma. *Pengantar Transfer Pricing: Teori, Metode, dan Praktik dalam Konteks Pajak Internasional*. Universitas Brawijaya Press, 2026: 143.

invoicing, related-party transactions, and cross-border transfers of economic value has yet to be comprehensively examined within an integrated legal analytical framework.¹⁰

Against this background, an academic gap (research gap) can be identified, as previous studies have predominantly treated under-invoicing as a matter of price manipulation, a customs violation, or a transfer pricing instrument for tax purposes. Such approaches have not adequately explained that the actual object transferred through under-invoicing is not merely the goods or corporate profits, but economic value that is systematically shifted to another jurisdiction through related-party transactions. Accordingly, this study offers a different perspective by positioning under-invoicing as a mechanism for the transfer of economic value (economic value transfer) that exhibits the characteristics of Trade-Based Money Laundering. This approach extends the analysis beyond the customs and tax regimes to encompass the perspectives of international trade law and anti-money laundering law.

The novelty of this study lies in its paradigm shift in understanding under-invoicing practices. Rather than treating under-invoicing merely as a form of international trade price manipulation, this study conceptualizes it as a mechanism for transferring economic value through related-party transactions that exhibits the characteristics of Trade-Based Money Laundering. This approach is expected to broaden the legal discourse concerning the interrelationship between international trade law, customs law, tax law, and the regime for the prevention and eradication of money laundering in addressing the evolving forms of transnational economic crime.

Based on the foregoing, this study aims to analyze the legal characteristics of export value manipulation through under-invoicing in related-party transactions and to examine its legal qualification as a *modus operandi* of Trade-Based Money Laundering from the perspective of Indonesian law. To achieve these objectives, this study addresses two research questions: (1) what are the characteristics of export value manipulation through under-invoicing in related-party transactions from the perspectives of Indonesian trade, customs, and tax law; and (2) how may such practices be legally qualified as a *modus operandi* of Trade-Based Money Laundering from the perspective of anti-money laundering law? This study employs normative legal research using statutory, conceptual, and comparative approaches to national legal instruments and international standards in order to provide a comprehensive analysis of the legal issues under examination.

¹⁰ Mahsun, Mohamad. *Money Laundering Tindak Pidana Pencucian Uang (TPPU)*. Deepublish, 2026: 73.

II. Research Method

This study constitutes normative legal research that is oriented toward analyzing positive legal norms, legal doctrines, and legal concepts relating to the practice of export value manipulation through under-invoicing in related-party transactions and its relevance as a *modus operandi* of Trade-Based Money Laundering (TBML).¹¹ Normative legal research is employed because the focus of this study is not directed toward examining the behavior of business actors or empirically assessing the effectiveness of law enforcement, but rather toward examining the conformity between the prevailing legal framework and the characteristics of under-invoicing practices that have developed in international trade. The approaches employed in this study consist of three approaches. First, the statutory approach is employed to examine various legal provisions governing international trade, customs, taxation, related-party transactions, export proceeds, as well as the regime for the prevention and eradication of money laundering. Within the national context, this study examines, among others, the provisions of Law Number 10 of 1995 concerning Customs as amended by Law Number 17 of 2006, Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering, as well as various tax regulations governing the application of the Arm's Length Principle to transactions involving related parties. Second, the conceptual approach is employed to analyze the legal concepts underlying this study, including under-invoicing, related-party transactions, transfer pricing, the Arm's Length Principle, economic value transfer, and Trade-Based Money Laundering. This approach aims to establish a conceptual framework capable of explaining the relationship between export value manipulation and the cross-jurisdictional transfer of economic value as a characteristic of transnational economic crime.¹² Third, the comparative approach is undertaken by comparing the national legal framework with various international legal instruments and standards, particularly the recommendations of the Financial Action Task Force (FATF) concerning Trade-Based Money Laundering, the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, as well as other international instruments relating to the supervision of international trade transactions and related-party transactions. This approach is employed to

¹¹ Mansari. *Metodologi Penelitian Hukum: Normatif, Empiris, dan Teknik Pencarian Literatur Digital*. Elfarazy Media Publisher, 2026: 69.

¹² Mansuri, *ibid*, hlm. 72.

identify both the conformity and the regulatory gaps within Indonesia's legal framework in addressing the practice of export value manipulation through under-invoicing.

III. Results and Discussion

A. Legal Characteristics of Export Value Manipulation through Under-Invoicing in Related-Party Transactions

International trade, in principle, provides business actors with the opportunity to determine business strategies that are considered most beneficial, provided that such strategies are implemented in accordance with the principles of fairness, propriety, and compliance with applicable laws.¹³ In the context of multinational enterprises, transactions between companies within the same corporate group (intra-group transactions) constitute a common practice carried out to optimize production, distribution, and marketing activities across jurisdictions.¹⁴ Nevertheless, the existence of affiliated relationships also creates opportunities for abuse when such transaction structures are utilized not for rational economic purposes, but rather as a means of manipulating transaction values and transferring economic benefits to another jurisdiction.

One form of such abuse is reflected in the practice of under-invoicing, namely the act of reporting a trade transaction value that is lower than its actual economic value.¹⁵ In export transactions, this practice is carried out by issuing trade documents, particularly commercial invoices, containing deliberately manipulated values that do not reflect the market value of the exported goods.¹⁶ Formally, such export documents continue to satisfy administrative requirements because they contain the identities of the parties, the type of goods, the quantity, and the transaction value. Substantively, however, there is a discrepancy between the reported value and the actual economic value derived from the transaction.

¹³ Wibowo, Agus. "Hukum Dagang Internasional." Penerbit Yayasan Prima Agus Teknik, 2025: 02.

¹⁴ Alfandia, Nurlita Sukma. Pengantar Transfer Pricing: Teori, Metode, dan Praktik dalam Konteks Pajak Internasional. Universitas Brawijaya Press, 2026: 68.

¹⁵ Alfarouq, Muhammad Yusuf. "Praktik Under Invoicing Ekspor Crude Palm Oil Melalui Misdeklarasi Fatty Matter Dan Pome: Analisa Celah Regulasi Fiskal Berbasis Pendekatan Hukum Perpajakan." *Justicia Sains: Jurnal Ilmu Hukum* 11.1 (2026).

¹⁶ Siwiyanti, Leonita, et al. *Ekspor Impor*. Penerbit Widina, 2024: 68.

The principal legal issue in under-invoicing practices does not merely lie in the low price stated in the invoice, but rather in the purpose and legal consequences arising from such value manipulation. When the transaction price is deliberately reduced through a mechanism involving an affiliated company, the difference between the reported price and the market price creates an opportunity for the transfer of economic value from the country of origin to another country. Accordingly, the object of manipulation is not merely the value of the trade transaction, but also the distribution of economic benefits that should otherwise accrue to the business entity and the state in which the economic activity takes place.

In practice, under-invoicing schemes involving related-party transactions are generally carried out through trading structures involving an intermediary company within the same corporate group. For example, an Indonesian commodity exporter may sell its commodities to an affiliated company domiciled in another country at a price substantially lower than the prevailing international market price. Following the transaction, the goods may be physically shipped directly to the ultimate buyer in the destination country without passing through the country in which the affiliated company is domiciled. The affiliated company subsequently resells the commodities to the ultimate buyer at the actual market price.

From the perspective of international trade law, such a transaction structure demonstrates a separation between the physical flow of goods and the flow of economic value.¹⁷ Although the goods continue to be legally exported, their economic value is transferred through a contractual structure involving an affiliated entity. This condition renders under-invoicing practices highly complex, because the violation is not necessarily apparent from the movement of the goods, but rather from the discrepancy between the economic substance of the transaction and the legal form employed.

From the perspective of international tax law, such transactions are closely related to the concept of transfer pricing, namely the determination of prices in transactions between parties having a special relationship. An affiliated relationship enables a company to exercise the capacity to determine transaction prices that are not entirely influenced by market mechanisms.¹⁸ Accordingly, international tax law introduces the Arm's Length Principle,

¹⁷ Teresia Din, *ibid*: 104.

¹⁸ Esandira, Vanesca, et al. "Analisis Struktur Penentuan Harga Jual Price Strategi Dan Perhitungan Komisi Afiliasi Dalam Mengotimalkan Profit Margin Seller Tiktok Shop." *Performance: Jurnal Bisnis & Akuntansi* 16.1 (2026): 318-324.

which requires transactions between related parties to be conducted as though such transactions were carried out between independent parties.

The principle is intended to prevent multinational enterprises from manipulating prices in order to shift profits from one country to another. In the context of under-invoicing, a violation of the arm's length pricing principle does not merely affect taxation, but may also potentially serve as an instrument for the concealed transfer of economic value when undertaken with the purpose of retaining profits outside the jurisdiction in which the economic activity takes place.¹⁹

Accordingly, related-party transactions in under-invoicing practices possess characteristics that distinguish them from ordinary trade transactions. An affiliated relationship no longer merely constitutes a business relationship between two entities, but becomes an instrument that enables price control, the manipulation of transaction values, and the transfer of profits without reflecting the actual economic circumstances. From the perspective of economic law, such circumstances demonstrate a conflict between legal form and economic substance, namely when a transaction formally satisfies legal requirements but is substantively utilized to achieve objectives that are contrary to the principles of transparency and fairness in international trade.²⁰

Therefore, under-invoicing practices involving related-party transactions cannot be understood solely as an administrative issue concerning an inaccurate declaration of export values. Such practices must instead be viewed as a mechanism that may potentially be utilized to transfer economic value across jurisdictions. This characteristic subsequently constitutes the starting point for analyzing its relationship with the concept of Trade-Based Money Laundering, because the essence of such a *modus operandi* lies not merely in price manipulation, but in the use of legitimate trade transactions as a means of concealing the transfer of economic value.

¹⁹ Alfarouq, Muhammad Yusuf. "Praktik Under Invoicing Ekspor Crude Palm Oil Melalui Misdeklarasi Fatty Matter Dan Pome: Analisa Celah Regulasi Fiskal Berbasis Pendekatan Hukum Perpajakan." *Justicia Sains: Jurnal Ilmu Hukum* 11.1 (2026).

²⁰ Arifaturahman, Muhammad, Kasmar Kasmar, and Didik Irawansah. "Hukum Perjanjian: Studi Penerapan Asas Konsensualisme sebagai Syarat Sahnya Perjanjian Bisnis Digital." *Jurnal Hukum Lex Generalis* 7.4 (2026).

B. The Transfer of Economic Value through Under-Invoicing as a Characteristic of Trade-Based Money Laundering

The development of cross-border economic crime demonstrates that the principal object transferred through illicit activities is no longer limited to goods or money, but also extends to the economic value embedded in a transaction.²¹ This shift has fundamental implications for the way money laundering practices are understood from a legal perspective. While conventional anti-money laundering regimes primarily focus on concealing the illicit origin of funds through the financial system, developments in international trade have given rise to more sophisticated mechanisms involving the concealment of economic value transfers through transactions that formally appear legitimate. It is within this context that the concept of Trade-Based Money Laundering (TBML) has emerged, referring to a form of money laundering that uses international trade instruments as a means of concealing, transferring, or altering the ownership of economic value without necessarily requiring the direct movement of funds through the banking system.

The concept of TBML has received considerable attention in various international instruments, particularly from the Financial Action Task Force (FATF), which describes TBML as a process of disguising the proceeds of crime through the manipulation of trade transactions for the purpose of obscuring the origin, location, movement, or ownership of economic value.²² Unlike conventional forms of money laundering, which generally rely on financial instruments, TBML exploits the legitimacy of international trade as a cover transaction. Accordingly, transactions used in such schemes generally involve complete documentation, valid contracts, lawful payment mechanisms, and business entities that possess a legally recognized status for administrative purposes. This complexity makes TBML one of the most difficult forms of transnational economic crime to detect, because the irregularity does not necessarily lie in the existence of the transaction itself, but rather in the economic substance concealed behind it.

One of the principal characteristics of TBML is the discrepancy between legal form and economic substance. Formally, the entire sequence of trade

²¹ Utami, Suci. "Tindak Pidana Pencucian Uang Terhadap Uang Virtual Money Laundering on Virtual Money." *Al-Adl: Jurnal Hukum* 13.1 (2021): 1-27.

²² Natasha, Queen Nindya. "Analisis Kejahatan Transnasional melalui Aktivitas Money Laundering dalam Illegal Wildlife Trade di India." *Jurnal Transformasi Global* 9.2 (2022): 84-96.

transactions may comply with applicable legal requirements, including the existence of a sale and purchase agreement, commercial invoices, customs documentation, and payment mechanisms conducted through authorized financial institutions.²³ However, where such transactions are deliberately structured to transfer economic value to a particular jurisdiction through price manipulation, their formal legality no longer corresponds to their underlying economic legitimacy. In other words, the law cannot assess a transaction solely on the basis of the existence of trade documentation, but must also examine whether the transaction structure reflects the underlying economic reality or is instead being used as an instrument to conceal the transfer of value.

From this perspective, under-invoicing practices involving related-party transactions exhibit characteristics consistent with the mechanisms of TBML. The manipulation is not directed at the existence of the goods being traded, but at the transaction value that forms the basis for determining the rights and obligations of the parties. When an exporter sells commodities to a related company at a price substantially below the prevailing market price, the difference in value does not disappear in economic terms, but is instead transferred to another entity that remains under the control of the same corporate group.²⁴ As a result, the transfer of economic value takes place without any corresponding physical movement of the goods or an explicit transfer of funds indicating the existence of illicit proceeds. This condition demonstrates that the actual object being transferred is not the exported commodity itself, but rather the economic benefit attached to that commodity.

From a legal perspective, such a structure has implications that extend beyond a mere violation of the arm's length principle governing related-party transactions. Under-invoicing has traditionally been treated primarily as a tax compliance issue associated with transfer pricing and the Arm's Length Principle. This approach is appropriate for assessing the reasonableness of transaction prices between related parties. However, where the primary purpose of price manipulation is not merely to reduce the tax burden, but to retain economic value outside the jurisdiction of Indonesia through a related company, the scope of the legal analysis can no longer be confined to the tax regime. Such practices have entered a more complex dimension, namely the

²³ Pasaribu, Muldri Pudamo James. *Urgensi Mewujudkan Perdagangan Adil dan Aman Melalui Instrumen Hukum Metrologi Legal*. Nas Media Pustaka, 2024: 113.

²⁴ Camelia, Veronika, Sis Apik Wijayanto, and Jhon Liberty Hutagaol. "Ekspor Satu Pintu Sebagai Instrumen Pengendalian Transfer Pricing dan Under Invoicing Pada Komoditas Batubara, Nikel dan Sawit Di Indonesia." *Benefit: Journal of Bussiness, Economics, and Finance* 4.4 (2026): 29-52.

use of international trade as a mechanism for transferring economic value that may exhibit the characteristics of Trade-Based Money Laundering.

In this context, a fundamental distinction must be drawn between tax avoidance, tax evasion, and Trade-Based Money Laundering. Tax avoidance essentially involves the use of legal arrangements or gaps within the tax system to achieve tax efficiency without violating applicable laws and regulations, whereas tax evasion involves unlawful conduct intended to evade tax obligations. TBML, by contrast, serves a broader purpose, namely concealing or transferring economic value through trade transactions in a manner that makes the origin or ownership of such value difficult to trace.²⁵ Therefore, although under-invoicing practices may result in reduced tax liabilities, their economic purpose does not necessarily end with tax reduction. In various international trade practices, manipulation of transaction values may instead be used to retain profits in a particular country, avoid obligations relating to export proceeds, obscure asset ownership, or facilitate the movement of funds derived from other illicit activities.

This perspective demonstrates that related-party transactions may serve a dual function. On the one hand, an affiliated relationship is a legitimate consequence of the structure of multinational enterprises and may be necessary to support operational efficiency. On the other hand, such relationships may also function as an instrument enabling unilateral control over pricing because the transaction no longer takes place under independent market conditions.²⁶ When a related company is used as a conduit entity or intermediary company that performs no significant economic function other than receiving and forwarding transactions, the existence and economic substance of such entity become subject to scrutiny. Accordingly, the legal issue is no longer confined to the existence of the affiliated relationship itself, but extends to the use of that relationship as a means of severing the connection between the actual economic value of a transaction and the value reported to state authorities.

It is in this context that the substance-over-form doctrine becomes particularly relevant. This doctrine emphasizes that the assessment of a transaction should not stop at its legal form, but must also take into account the economic substance underlying the transaction. In the context of under-

²⁵ Sari, Devi Yuana Manggar. Analisis Yuridis Putusan Pengadilan Terhadap Delik Pencucian Uang Yang Dilakukan Oleh Notaris Dalam Perkara Pidana. MS thesis. Universitas Islam Sultan Agung (Indonesia), 2023.

²⁶ Edwin Jr, Muhammad. "Transaksi Afiliasi Dan Transaksi Benturan Kepentingan Pada Pasar Modal Di Indonesia." *Justicia Sains: Jurnal Ilmu Hukum* 9.2 (2024): 248-263.

invoicing, the existence of a sale and purchase agreement, commercial invoices, or customs documentation does not, by itself, establish that the transaction reflects its actual value. Where the transaction is substantively structured to transfer economic value to an overseas related company through price manipulation, the transaction structure must be assessed on the basis of its economic reality rather than solely on the formal legality of the accompanying documentation. This approach is consistent with developments in international economic law, which increasingly place economic substance as an important benchmark in assessing the legitimacy of cross-border transactions.²⁷

Based on the foregoing analysis, under-invoicing practices involving related-party transactions cannot automatically be classified as Trade-Based Money Laundering. The element of intent (*mens rea*), the purpose of transferring economic value, and the use of trade structures to conceal the movement of economic benefits must still be established on the basis of sufficient facts and evidence. Nevertheless, where under-invoicing is conducted systematically through related companies, accompanied by price manipulation that lacks a reasonable economic justification, and results in the transfer of economic value outside the jurisdiction of Indonesia without a commercially justifiable rationale, these characteristics conceptually demonstrate consistency with the indicators of Trade-Based Money Laundering as recognized in international practice. Therefore, under-invoicing can no longer be understood solely as a matter of customs administration or tax adjustment, but must also be regarded as a strategic issue within the regime for the prevention and eradication of transnational economic crime.

C. Legal Analysis of the Transfer of Economic Value from the Perspectives of International Trade Law, Customs Law, Tax Law, and Money Laundering Offenses

The legal issues arising from under-invoicing practices involving related-party transactions do not fundamentally stem from an absence of law, but rather from a fragmented legal regime in which each area of law addresses the

²⁷ Weny Ramadhania, S. H. *Hukum Transaksi Bisnis*. PT Bukuloka Literasi Bangsa, 2026: 30.

practice solely from the perspective of its respective regulatory authority.²⁸ As a result, the manipulation of export values is perceived differently by each institution, preventing the development of a comprehensive legal construction that recognizes the practice as part of a broader form of cross-border economic crime.

From the perspective of international trade law, the legal relationship arising from an export transaction is, in principle, founded upon the principle of freedom of contract and good faith as recognized in international trade practice.²⁹ Business actors are generally afforded the freedom to determine prices, payment terms, and mechanisms for the distribution of goods according to their respective commercial interests. Such freedom constitutes a logical consequence of the principles of a market economy and cannot be restricted so long as it does not contravene mandatory legal provisions.

Nevertheless, such freedom does not legitimize price manipulation deliberately employed to conceal the transfer of economic value. In transactions involving related companies, prices are no longer necessarily formed through bargaining between independent parties, but may instead be determined by entities operating under common economic control. Therefore, the formal validity of a trade contract cannot serve as the sole basis for assessing the legitimacy of a transaction where, in substance, the agreed price no longer reflects a reasonable economic value.

From the perspective of customs law, the principal focus of state supervision lies in the accuracy of customs declarations, including the type of goods, quantity, tariff classification, country of origin, and customs value stated in export and import documentation.³⁰ This approach demonstrates that customs law is fundamentally oriented toward administrative compliance. Consequently, violations identified in under-invoicing practices are more frequently treated as discrepancies in the declared transaction value rather than as part of a broader strategy to transfer economic value across jurisdictions.

This administrative approach has fundamental limitations. Customs law is generally capable of assessing whether the documents submitted by an exporter correspond to applicable customs requirements. However, customs

²⁸ Aldyan, Arsyad, Kartika Asmanda Putri, and Rizal Akbar Aldyan. "Penguatan Penegakan Hukum Bisnis di Indonesia: Analisis Kritis Kapasitas Kelembagaan dan Konsistensi Regulasi dalam Penyelesaian Sengketa Bisnis." *Judge: Jurnal Hukum* 6.03 (2025): 448-457.

²⁹ Widiarty, Wiwik Sri, and MH SH. *Hukum perdagangan internasional di era digital*. Inovasi Publishing Indonesia, 2026: 83.

³⁰ Hardi Fardiansyah, S. E., et al. *Kepabeanan Dan Beacukai*. Penerbit Widina, 2023: 123.

law does not always provide sufficient instruments to determine whether the reported price genuinely reflects the actual transaction value, particularly where the transaction takes place between parties with an affiliated relationship. As a result, a transaction may be deemed to satisfy administrative requirements even where, from an economic perspective, there are strong indications that the transaction value has been manipulated.³¹

Tax law offers a more substantive approach through the application of the Arm's Length Principle, which requires transactions between related parties to be conducted as though they were transactions between independent parties.³² Through this principle, tax authorities are empowered to make adjustments to transfer prices where deviations are identified that result in a reduction of the taxable base in Indonesia.

Nevertheless, the principal focus of tax law remains the protection of the tax base. Adjustments made to related-party transactions ultimately seek to determine the amount of tax that should properly be paid by the taxpayer.³³ This approach does not fully address situations in which price manipulation is used not only to reduce tax liabilities, but also to retain economic value overseas through related companies. Accordingly, the resolution of such practices through transfer pricing adjustments may restore the fiscal aspect of the transaction, but does not necessarily address the money laundering dimension that may be embedded in the transaction structure.

The same issue can also be observed in the regulation of Export Proceeds (Devisa Hasil Ekspor or DHE). The DHE policy is principally intended to ensure that export proceeds derived from natural resources contribute to the stability of the national financial system through the placement of such foreign exchange within Indonesia's financial system.³⁴ However, the effectiveness of this policy depends heavily on the accuracy of the reported export value. Where the export value has already been manipulated through under-invoicing, the obligation to place export proceeds may, in normative terms, still be fulfilled, even though the amount of foreign exchange actually placed does not reflect the real economic value of the exported commodities. This

³¹ Juniarti, Intan, Andra Juansa, and Made Susilawati. *Akuntansi Untuk Perusahaan Multinasional: Buku Referensi*. Star Digital Publishing, 2026.

³² Pratama, Rizky. "Analisis Yuridis Penyalahgunaan Transfer Pricing Sebagai Sarana Penghindaran Pajak Di Indonesia." *Jurnal Hukum to-ra: Hukum Untuk Mengatur dan Melindungi Masyarakat* 12.1 (2026): 31-50.

³³ Abbas, Yeni Elfiza, et al. *Pajak Internasional dan Tax Treaty*. Deepublish, 2025: 170.

³⁴ Pawestri, Widhayani Dian. "Inkonsistensi Regulasi Pembatasan Transfer Devisa Hasil Ekspor pada Sektor Sumber Daya Alam." *Al-Zayn: Jurnal Ilmu Sosial & Hukum* 4.1 (2026): 1565-1575.

condition demonstrates that compliance with the obligation concerning export proceeds does not necessarily correspond to the fulfillment of the underlying objective of ensuring that the economic benefits generated from exports return to and benefit the state.

Meanwhile, Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering has essentially adopted a follow-the-money approach, namely the tracing of funds derived from a predicate offense.³⁵ This approach is effective where the object transferred consists of money or financial assets that can be traced through the banking system. However, in Trade-Based Money Laundering practices, the transfer of economic value does not necessarily take the form of a direct movement of funds. Economic value may instead be transferred through price manipulation in trade transactions, meaning that what is transferred is not merely money, but the economic benefit embedded in the transaction itself. This characteristic presents a challenge to the follow-the-money approach when confronted with a follow-the-trade scheme, in which value is transferred through transactions that appear administratively legitimate.

Accordingly, the principal issue arising from under-invoicing practices does not lie in the individual weaknesses of each legal regime, but rather in the absence of an integrated legal perspective for addressing the same underlying phenomenon. Customs law treats the matter as an issue concerning customs value, tax law views it as a transfer pricing issue, trade law characterizes it as a contractual relationship between the parties, while money laundering law generally becomes applicable only where indications of a predicate offense have been established. In reality, however, all of these legal regimes are confronting the same phenomenon, namely the cross-border transfer of economic value through international trade transactions.

Based on the foregoing analysis, this study argues that under-invoicing practices involving related-party transactions can no longer be adequately understood through a sectoral approach that separates trade law, customs law, tax law, and money laundering law. Such an approach may create blind spots in law enforcement because each institution identifies only a portion of the characteristics of the same transaction. Therefore, under-invoicing practices should be understood as an integrated legal phenomenon involving the interaction between trade value manipulation, economic value transfer, related-party transactions, and the potential use of such transactions as a mechanism for Trade-Based Money Laundering. This approach is not intended

³⁵ Rahmayanti, Nur Aidah. "Pertanggungjawaban Pidana Korporasi Terhadap Tindak Pidana Pencucian Uang di Indonesia." *Jurnal Kolaboratif Sains* 8.7 (2025): 4393-4404.

to expand the scope of criminalization, but rather to develop a more comprehensive legal understanding of the evolving forms of transnational economic crime that increasingly exploit international trade as an instrument for concealing the transfer of value.

IV. Conclusion

The findings of this study demonstrate that under-invoicing in related-party transactions is not merely a customs or transfer pricing issue, but may function as a mechanism for transferring economic value across jurisdictions through manipulated trade transactions. The separation between the physical flow of goods and the flow of economic value, particularly where related companies are used to retain transaction value outside Indonesia without reasonable commercial justification, reflects characteristics consistent with Trade-Based Money Laundering (TBML). Nevertheless, under-invoicing cannot automatically be classified as TBML, as such qualification requires evidence of intent, the purpose of transferring economic value, and the use of trade transactions to conceal the movement of economic benefits. The study further finds that Indonesia's principal challenge lies in the fragmented application of customs, tax, trade, and anti-money laundering regimes, which address the same transaction from separate regulatory perspectives. Accordingly, this study proposes an economic value transfer perspective as an integrated legal framework for understanding under-invoicing in related-party transactions and its potential characterization as TBML, thereby strengthening the connection between international trade law, customs law, tax law, and anti-money laundering law in addressing transnational economic crime.

Generative AI Statement

During the preparation of this manuscript, the author used OpenAI's ChatGPT exclusively to assist with language refinement, grammar correction, manuscript organization, and editorial support. The legal arguments, research framework, interpretation of legal sources, analysis of statutory regulations, and conclusions were independently developed, critically reviewed, and validated by the author. The author assumes full responsibility for the accuracy, originality, and integrity of the manuscript.

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