Factors Influencing Earnings Management: an Empirical Study on the Indonesian Stock Exchange

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Abstract

This study aims to analyze the effect of Tax Planning, Deferred Tax Expenses, and Tax Expenses on Earnings Management. The independent variables in this study are tax planning, deferred tax expense, and current tax expense, while the dependent variable is earnings management which is measured by capitalization rate as a proxy for the market value of equity. The population of this research is the consumption companies of the Food and Beverage Sub-Sector which are listed on the Indonesia Stock Exchange from 2011 to 2020. The sampling technique was purposive sampling. And obtained 12 companies. The type of data used is secondary data in the form of the company's annual financial statements obtained from the IDX website or company website. Data analysis using multiple linear regression test with the help of SPSS software version 24. The results of this study reveal that tax planning partially does not affect earnings management. Meanwhile, deferred tax expenses and current tax expenses partially affect earnings management. Simultaneously tax planning, deferred tax expense, and current tax expense affect earnings management. This third independent variable is useful for consideration and evaluation in conducting earnings management.

Keywords: tax planning, deferred tax burden, current tax burden, earnings management

INTRODUCTION

Every business company has a goal of maximizing profit. Where the maximum profit will affect the increase in the welfare of the owners, employees, communities around the company's environment as a form of corporate social responsibility towards the company's environment. On the other hand, increasing profits will have implications for improving product quality and making new investments. In practice, company management is required to be able to meet the profit targets
that have been set so that investors can assess good performance. For this reason, company management must make policies that can affect company profits. The policy can be in the form of earnings management. (Tanra et al., 2017)

Earnings management actions taken can change information on a company's net income in various ways that have quite an impact on the follow-up of the users of the information concerned. Manipulation carried out by managers by carrying out earnings management begins with an agency conflict, due to differences in interests. Managers as company managers know more about internal information and company prospects in the future compared to owners (shareholders). This causes managers to make changes and manipulate financial statements which will be beneficial for the manager and the information submitted to the company owner is information that has been engineered. (Silvia et al., 2019)

This study is different from previous studies because the independent variables tested were varied, namely using independent variables related to taxation such as tax planning, deferred tax burden, and current tax burden. The use of variables regarding taxation to test the effect on earnings management because tax is one of the costs that are quite high in the company. High taxes, can affect profits so earnings management is needed to manage it.

As research conducted (Cahya & Maryama, 2021) uses deferred tax expense as a factor in influencing earnings management. Deferred tax expense is an expense that arises as a result of the difference between commercial profit and taxable profit. The higher the deferred tax expense, the more accounting assumptions are used in managing the company. Research conducted by (Sutadipraja et al., 2020) uses the current tax expense variable as a factor in influencing earnings management. Current tax expense can detect the possibility for companies to carry out earnings management because current tax expense reflects taxable income which is the result of reconciling temporary differences and fixed differences to profit according to accounting

Then the study (Aditama & Purwaningsih, 2014) uses tax planning as a factor that affects earnings management. Tax planning is done because of the management's desire to suppress and make the tax burden as small as possible, so the management tends to minimize tax payments. Tax planning is also a process of organizing the taxpayer's business, the ultimate goal of this tax planning process is to cause tax debt to be in a minimum position, as long as this is still within the framework of the applicable tax regulations. Therefore, tax planning is a legal action because it is allowed by the government as long as it is within the corridor of the applicable tax laws in Indonesia.

In this study, the object of research is only focused on the consumer goods sector, namely the food and beverage sub-sector. Because the products produced are human daily necessities and are therefore considered a formidable sector in facing the economic crisis, this sector also has a larger market share. more research on this company.

Based on the above background, this research takes the title "Factors influencing earning management: an empirical study on the Indonesian stock exchange"
THEORY FRAMEWORK AND HYPOTHESES

Theory Agency

Agency theory is a theory that explains the relationship between the agent and the principal. Where management is as agent and shareholders as principal. The agent is tasked with managing resources properly to achieve the desired goals. The principal does not have the information to know what the agent is doing, so the principal can only make decisions based on the results of the process made by the agent. Therefore, the agent, namely the management, does their best in managing the company to get maximum results that can make the principal, namely the shareholders, give a good assessment.

The Effect of Tax Planning on Earnings Management

The greater the tax planning, the greater the opportunity for companies to carry out earnings management. This is because the fewer tax payments are made, the profit will be reduced and the profit will be large so that the company's performance is considered good by investors. Therefore, earnings management is carried out to minimize tax payments. One of the tax plans is to adjust the amount of reported profit so that it is included in the earnings management guidelines. Previous research conducted by (Wulansari, 2019) proves that tax planning affects earnings management. In his research, he explained that the greater the tax planning, the greater the earnings management. H1: tax planning partially has a significant effect on earnings management

Effect of Deferred Tax Expense on Earnings Management

Deferred tax expense is the difference between financial accounting profit and tax accounting. Where accounting profit aims to see the company's performance and as a reference for an investor to invest in the company while fiscal profit aims to pay taxes. With this objective, the management tries to increase financial accounting profit and minimize fiscal accounting profit. With the high deferred tax burden, the financial accounting profit is much greater than the fiscal accounting profit, this is due to the high earnings management carried out by the management. As previous research conducted by (Vandi and Juniarti SE, 2020) explained that deferred tax expense affects earnings management because deferred tax expense arises when the expense based on accounting is lower than the expense based on fiscal profit, which means that the company has paid a lower amount of expenses in advance to reduce the possibility of conducting earnings management. H2: partially deferred tax expense has a significant effect on earnings management.

Effect of Current Tax Expense on Earnings Management

Current tax expense is the amount of tax owed by the Taxpayer which is calculated from the taxable income resulting from the fiscal reconciliation multiplied by the tax rate. The current tax burden affects earnings management because when the current tax burden is large, it will reduce company profits, thus providing a great opportunity for managers to carry out earnings management. On the other hand, when the current tax burden is low, the company's profits will increase, thus offering managers less opportunity to perform earnings management. In line with the results of previous research conducted by (Amanda & Febrianti, 2015) states that the current tax burden on earnings management has a significant effect on earnings management. This is because
the current tax burden can reflect taxable income which is the result of time differences as well as differences in profit according to accounting.

**H3**: the current tax burden partially has a significant effect on earnings management.

**Effect of Tax Planning, Deferred Tax Expense and Current Tax Expense on Earnings Management**

Research conducted by (Bete et al., 2021) found that earnings management measures, namely tax planning and deferred tax expense, have a simultaneous effect on earnings management. This research is in line with that conducted by (Febrian et al., 2018) doing the same research looking at the effect of deferred tax expense and tax planning on earnings management where the results of this study both measure earnings management. In addition, this study refers to Deviana's research (2010) in(Amanda & Febrianti, 2015)) which shows deferred tax expense and current tax expense can simultaneously detect earnings management. From the studies that have been described, it can be estimated that tax planning, deferred tax expense, and current tax expense can be used as indicators of earnings management in the company.

**H4**: tax planning, deferred tax expense, and current tax expense simultaneously have a significant effect on earnings management.

**RESEARCH METHODS**

**Types of Research and Types of Data**

This research uses quantitative research methods. The approach in this study is causal. According to Supranto and Limakrisna in Lubis & Suryani (2018) causal approach is an approach that explains the relationship between independent variables and the dependent variable which aims to
find an explanation in the form of a causal relationship between several hypothesized variables. The causal approach used in this research is to find out how tax planning, deferred tax expense, current tax expense, and earnings management are in the company. The data used in this study is secondary data whose source comes from the financial statements of food and beverage consumption companies listed on the Indonesia Stock Exchange (IDX) for the period 2011-2020.

**Population and Sample**

The population in this study were all food and beverage consumer goods companies listed on the Indonesia Stock Exchange in the period 2011-2020. The total population in this study was 30 companies. To determine the sample is done by purpose sampling that is based on the criteria that have been determined by the researcher. The sample selection process is carried out as follows:

<table>
<thead>
<tr>
<th>No</th>
<th>Criteria</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Food and beverage consumption companies listed on the Indonesia Stock Exchange for the period 2011-2020</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>Companies that have not been listed on the IDX before January 2011 and do not have complete research data</td>
<td>(13)</td>
</tr>
<tr>
<td>3</td>
<td>Companies that suffer losses during the study period</td>
<td>(5)</td>
</tr>
<tr>
<td></td>
<td>Total company</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Total sample (12 companies X 10 years)</td>
<td>120</td>
</tr>
</tbody>
</table>

Data processed, 2022

**Variable operational definition**

**Tax planning**  
According to (Wulansari, 2019) the measure of the effectiveness of tax management used is a measure of the effectiveness of planning with the formula tax retention rate (tax retention rate). Where this TRR formula serves to analyze the size of the effectiveness of tax management in the company's financial statements for the current year (Wild et al (Pratiwi, 2017)). Previous research that uses this formula is (Puspitasari & Murdciati, 2018), (Wulansari, 2019), (Lubis & Suryani, 2018), and (Pratiwi, 2017) result that tax planning affects earnings management. TRR formula:

\[
TRR = \frac{\text{Net Income } t}{\text{Pretax Income } t}
\]

description:

\[
TRR = \text{Tax Retention Rate (tax retention rate) company i in year t}
\]

\[
\text{Net Income } t = \text{net profit of company i in year t.}
\]
Pretax income = profit before tax of company i in year t

**Deferred tax expense**

The calculation is deferred tax expense calculated using an indicator of weighting deferred tax expense with total assets. This happens for the weighting of deferred tax expense with total assets in period t-1 to get a proportionally calculated value. This formula is by that carried out by (Wulansari, 2019) and (Baraja et al., 2019) whose research results state that deferred tax expense affects earnings management. deferred tax expense formula:

\[ DTE_{it} = \frac{deferred\, tax\, expense\, \text{t}}{total\, assets\, t-1} \]

**Current tax burden**

Current tax expense in this study is measured using a ratio scale and is obtained from current tax expense in a certain financial reporting period divided by total assets of the previous period. This formula is by that carried out by previous research, namely (Amanda & Febrianti, 2015) whose research results state that the current tax burden affects earnings management. In this study, the current tax burden is measured by:

\[ \text{Current tax expense} = \frac{current\, tax\, burden\, \text{t}}{total\, assets\, t-1} \]

**Profit management**

One approach to determine earnings management behavior is to identify the earnings threshold and find that companies that are below the earnings threshold will try to exceed this limit by carrying out earnings management. (Phillips et al., 2002) states that managers carry out earnings management with an earnings distribution approach because managers realize that external parties, especially investors, banks, and suppliers use earnings reporting limits in evaluating their managers' performance.

\[ \Delta E = \frac{E_{it} - E_{it-1}}{MVE_{t-1}} \]

Information:
- \( E \) = Change in profit.
- \( E_{it} \) = Profit of company i in year t.
- \( E_{it-1} \) = Profit of company i in year t-1.
- \( MVE_{it-1} \) = Market Value of Equity i in year t-1.

**Data analysis**
The data analysis method in this research is using the multiple linear regression method with statistical analysis. And test the hypothesis with the assumption of the classical test first using SPSS software version 24.0. After the classical assumption test was carried out, the hypothesis was tested using the T test and F test. Previously, an equation was made to test the overall hypothesis in this study as follows:

\[
\text{ManLa} = a + b_1 \text{PP} + b_2 \text{CPM} + b_3 \text{PK} + \ldots + b_n \text{Xn} + \text{Error}
\]

Information:
- ManLa = Earnings management
- PP = Tax Planning
- BPT = Deferred tax expense
- PK = current tax expense
- \(b_1 - b_3\) = Regression coefficient value
- \(a\) = constant value
- \(=\) Error

RESULTS AND DISCUSSION

Classic assumption test

**Table 2 Normality Test Results Before Outlier Elimination**

<table>
<thead>
<tr>
<th>Normal Parameters, b</th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>.0000000</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>5.82307222</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td></td>
</tr>
<tr>
<td>Absolute</td>
<td>.299</td>
</tr>
<tr>
<td>Positive</td>
<td>.279</td>
</tr>
<tr>
<td>Negative</td>
<td>-.299</td>
</tr>
<tr>
<td>Test Statistics</td>
<td>.299</td>
</tr>
<tr>
<td>asymp. Sig. (2-tailed)</td>
<td>.000c</td>
</tr>
</tbody>
</table>

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Based on the table above the probability value or Exact. Sig. (2-tailed) of 0.001. Because the probability value, which is 0.000 < 0.05, this means that the assumption of normality is not met. So, to get the best results, outliers or outliers are eliminated. Outliers are data that have unique characteristics that look very different from other observations and appear in the form of extreme values for either a single variable or a combination variable (Ghozali, 2013).

**Table 3 Normality Test Results After Outlier Elimination**

<table>
<thead>
<tr>
<th>Normal Parameters, b</th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>.0000000</td>
</tr>
<tr>
<td>N</td>
<td>103</td>
</tr>
</tbody>
</table>
Based on the table above, the results of the data normality assumption test are eliminated by eliminating outliers. After the outlier data is eliminated, the original data is 120 to 103. So that the probability result is Asymp, Sig (2-tailed) 0.2 > 0.05, then the assumption of normality is fulfilled.

**Table 4. Multicollinearity Test Results**

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax Planning</td>
<td>.992</td>
<td>1.009</td>
<td></td>
</tr>
<tr>
<td>Deferred Tax</td>
<td>.995</td>
<td>1.005</td>
<td></td>
</tr>
<tr>
<td>Burden</td>
<td>.995</td>
<td>1.005</td>
<td></td>
</tr>
</tbody>
</table>

Based on the table above, it is known that the Tolerance and VIF values for each research variable are as follows:

1. The Tolerance value for the tax planning variable is 0.992 > 0.10 and the VIF value is 1.009 < 10, so the tax planning variable is declared to have no multicollinearity symptoms.
2. The Tolerance value for the deferred tax expense variable is 0.995 > 0.10 and the VIF value is 1.005 < 10, so that the deferred tax expense variable is declared to have no multicollinearity symptoms.
3. The Tolerance value for the current tax expense variable is 0.995 > 0.10 and the VIF value is 1.005 < 10, so that the current tax burden variable is declared to have no multicollinearity symptoms.

**Table 5 Autocorrelation Test Results**

<table>
<thead>
<tr>
<th>Model Summaryb</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Current Tax Expense, Deferred Tax Expense, Tax Planning
b. Dependent Variable: Earnings Management

Based on the results of the autocorrelation in the table above, it can be seen that the resulting DW value is 1.713. This value, when compared using the DW table with a sample size of 103 with 3 independent variables, obtained a DL value of 1.48 with a DU value of 1.60. Thus, it can
be concluded that there is no autocorrelation symptom with the regression model used DU < D < 4-DU (1.60 < 1.713 < 2.4).

![Scatterplot](image)

**Figure 2 Heteroscedasticity Test Results**

Based on the figure above, the points spread above and below the number 0 on the Y axis and there is no clear pattern so that it can be concluded that the data does not occur heteroscedasticity.

**Hypothesis testing**

**Table 6 Multiple Linear Regression Test Results**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.091</td>
<td>.787</td>
<td>.116</td>
</tr>
<tr>
<td></td>
<td>Tax Planning</td>
<td>-.439</td>
<td>1.020</td>
<td>-.032</td>
</tr>
<tr>
<td></td>
<td>Deferred Tax Burden</td>
<td>-12,073</td>
<td>4.848</td>
<td>-.186</td>
</tr>
<tr>
<td></td>
<td>Current Tax Burden</td>
<td>19,961</td>
<td>2,346</td>
<td>.636</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Earnings Management
Based on the results of the regression above, it can be interpreted as follows:

1. It is known that the constant value is 0.091. This value can be interpreted if tax planning, deferred tax expense, and current tax expense have no effect, then the value of the dependent variable of earnings management is 0.091.

2. It is known that the regression coefficient value of the tax planning variable is negative, namely 0.439. This value can be interpreted when the tax planning variable increases by 1 unit, the earnings management variable tends to decrease by 0.439.

3. It is known that the regression coefficient value of the deferred tax expense variable is negative, namely -12,073. This value can be interpreted when the deferred tax expense variable increases by 1 unit, the earnings management variable tend to decrease by 12,073.

4. It is known that the regression coefficient value of the current tax burden variable is positive, namely 19,961. This value can be interpreted when the current tax expense variable increases by 1 unit, the earnings management variable tend to increase by 59.930.

Table 7 T Uji Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td></td>
<td></td>
<td>.116</td>
<td>.908</td>
</tr>
<tr>
<td>Tax Planning</td>
<td>-.439</td>
<td>-.032</td>
<td>-430</td>
<td>.668</td>
</tr>
<tr>
<td>Deferred Tax Burden</td>
<td>-12,073</td>
<td>-.186</td>
<td>-2.490</td>
<td>.014</td>
</tr>
<tr>
<td>Current Tax Burden</td>
<td>19,961</td>
<td>.636</td>
<td>8,508</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Earnings Management

From the table above, it can be explained that tax planning partially has no significant effect on earnings management. This is because t count < t table -0.433 | < 0.677 and a significant value greater than 0.05 (0.668 > 0.05) H1 is rejected. Tax planning does not affect earnings management because the purpose of tax planning is contrary to earnings management where tax planning wants low profits so that tax payments are small while earnings management wants high profits to increase firm value. The results of this study are in line with those conducted by Anggraini (2018), Rahmi et al., (2019), and (Handayani, 2020) which explain that tax planning has no significant effect on earnings management. This shows that the tax planning carried out is used only to avoid sanctions that may arise due to the application of taxes that will violate tax laws. In addition, corporate tax planning activities cause taxable income to be smaller than commercial profits because tax planning only affects taxable income without affecting it (Handayani, 2020). In contrast to the results of research conducted by (Dewi, 2021) which states that tax planning has a positive effect on earnings management. This difference in results is due to the different formulas used in calculating tax planning. The research conducted by (Dewi, 2021) used the Effective Tax Rate formula, while this study used the Tax Retention Rate formula.

Deferred tax expense partially has a significant negative effect on earnings management, meaning that the higher the deferred tax expense, the lower the earnings management value. Because the value of t arithmetic > t table -2.490 | > 0.677 and the significant value is less than 0.05
(0.014 < 0.05) then H2 is accepted. This explains that the greater the value of deferred tax expense, the smaller the manager’s earnings management in the company. This is because deferred tax expense arises when the expense based on accounting is greater than the expense based on fiscal. This means that the company has incurred higher costs at the beginning, thereby reducing the opportunity to carry out earnings management (Anggraini, 2018). This research is in line with that conducted by (Wijaya et al., 2017), (Sylvia, 2019), and (Sules Jayanti et al., 2020) who state that deferred tax expense has a significant effect on earnings management. Where the deferred tax expense provides an opportunity for managers to carry out earnings management caused by temporary differences, namely there is a difference in the amount of recorded tax on assets or liabilities with the tax base on assets or liabilities. Meanwhile, the results of this study contradict research conducted by (Catur Prasetyo & Masitoh, 2019), (Amanda & Febrianti, 2015), and (Mudjiyanti, 2018) which state that deferred tax expense does not affect earnings management. This is possible due to two things. First, management has limitations in influencing the deferred tax expense account, this can be due to the regulation of deferred tax expense in commercial accounting and fiscal accounting which is regulated by tax regulations. Thus limiting management to choose policies in preparing fiscal financial statements.

The current tax burden has a significant effect on earnings management. Because the value of \( t \) arithmetic > \( t \) table 8.508 > 0.677 or significantly less than 0.05 (0.000 < 0.05) then H3 is accepted. The current tax burden affects earnings management because when the current tax burden is large it will reduce company profits, thus providing a great opportunity for managers to carry out earnings management. On the other hand, when the current tax burden is low, the company’s profits will increase thereby offering fewer opportunities for managers to perform earnings management. The results of this study are consistent with (Ricy et al., 2020) and (Amanda & Febrianti, 2015) who state that the current tax burden can detect the possibility of earnings management because the current tax burden can reflect taxable income which is the result of reconciliation between different times and fixed differences to accounting profit. However, this needs further verification considering that the current tax burden does not directly reflect the difference between accounting and taxation. Meanwhile, this study contradicts the results of research (Ramandhanty et al., 2019) which states that the current tax burden does not affect earnings management. This is due to differences in the object of research, causing differences in results as well.

### Table 8 F Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>31.010</td>
<td>3</td>
<td>10,337</td>
<td>26.996</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>37.906</td>
<td>99</td>
<td>.383</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>68,917</td>
<td>102</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the table above, it is known that the calculated \( F \) value is 26.996 and the Sig value is 0.000. It is known that the calculated \( F \) is 26.996 > the \( F \) table value is 2.70 and the Sig value is known. 0.000 < 0.05 H4 is accepted. So tax planning, deferred tax expense, and current tax expense...
simultaneously or jointly have a significant effect on earnings management. This study is in line with research conducted by (Musyarofah et al., 2017) which states that tax planning and deferred tax expense have a significant effect on earnings management. If the two variables (tax planning and deferred tax expense) are used as determinants of earnings management practices, it can provide opportunities for food and beverage companies to carry out earnings management. Where the higher the tax planning, the higher the earnings management practice and the higher the deferred tax burden, the higher the earnings management practice.

In line with research conducted by (Wijaya et al., 2017) which states that deferred tax expense and current tax expense have a simultaneous effect on earnings management. Where current tax expense reflects income tax which is calculated based on the income tax rate multiplied by taxable profit, i.e. accounting profit that has been corrected to comply with tax regulations. Accounting standards provide flexibility for managers to change policies that can affect company profits, in contrast to tax regulations that do not provide flexibility. Thus providing an opportunity for managers to carry out earnings management by increasing or reducing the current tax burden which will affect company profits. So that the current high tax burden will cause earnings management to increase. Meanwhile, deferred tax expense reflects income tax arising from temporary differences between accounting profit (profit in financial statements for external parties) and fiscal profit (profit used as the basis for calculating tax).

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.385a</td>
<td>.148</td>
<td>.126</td>
<td>5.88967</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Current Tax Expense, Tax Planning, Deferred Tax Expense
b. Dependent Variable: Earnings Management

Then the calculation of adjusted R square (R) which describes the description of the proportion of variation in the dependent variable explained by the independent variable is 0.126, thus it can be concluded that earnings management (Y) can be explained by 12.6% by the tax planning variable (X1), deferred tax expense (X2) and current tax expense (X3) while the remaining 87.4% can be described by other independent variables not included in this study.

**CONCLUSION**

There is no significant effect of tax planning on earnings management in food and beverage sub-sector consumption companies on the Indonesia Stock Exchange in 2011-2020. This is because tax planning wants low tax payments, for low tax profits to below. Contrary to the goal of earnings management, namely increasing profits. Deferred tax expense has a significant negative effect on earnings management in food and beverage sub-sector consumption companies on the Indonesia.
Stock Exchange in 2011-2020. This means explaining that the higher the deferred tax expense, the lower the earnings management carried out. This explains that the Company has already paid a larger expense at the beginning, thereby reducing the opportunity to carry out earnings management. The current tax burden has a significant effect on earnings management for consumption companies in the food and beverage sub-sector on the IDX in 2011-2020. This is where the current tax burden affects earnings management because when the current tax burden is large, it will reduce the company's profits so provides a great opportunity for managers to carry out earnings management. Then Tax planning, deferred tax expense, and current tax expense have a significant simultaneous effect on earnings management. Where the higher the tax planning, the higher the manager will do earnings management. Likewise with deferred tax expense and current tax expense, where the increasing deferred tax burden and current tax burden, the more earnings management is carried out.

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PENGARUH PERENCANAAN PAJAK DAN BEBAN PAJAK PERUSAHAAN SUB SEKTOR MAKANAN 
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