Pragiarisme Artikel

by Nengah Novi Widiami Putri

Submission date: 16-Sep-2022 09:39PM (UTC+0900)
Submission ID: 1876587598
File name: RAMA_62301_1815644036_artikel.pdf (244.35K)
Word count: 3066
Character count: 16487

The Effect of Reducing Corporate Income Tax Rates and Non-Tax Incetives on Profit Management in Automotive Sub Sector Companies Lists in The Indonesia Stock Exchange

N Novi Widiami Putri [1*], N K Sukasih [2], I G A Oka Sudiadnyani [3]

[1] Managerial Accounting Undergraduate Study Program, Accounting Department, Bali State Polytechnic
[2] Managerial Accounting Undergraduate Study Program, Accounting Department, Bali State Polytechnic
[3] Managerial Accounting Undergraduate Study Program, Accounting Department, Bali State Polytechnic

Corresponding Author: widiamiputri@gmail.com[1], kasih.sukasih@yahoo.co.id[2]*, oka_pinze@yahoo.com[3]*

Abstract: The Covid-19 outbreak has had a major impact on the automotive sector in Indonesia. There was a decrease in sales of 48.8 percent from 2019 to 2020 or as many as 532,027 units, which resulted in a decrease in profits for automotive sector companies in Indonesia. The decline in profits that occurred had an impact on earnings management by the company to retain investors who invested in the company. The reduction in tax rates is one of the efforts made by the management to carry out earnings management. In addition, the factors that influence the occurrence of management are non-tax incentives of the company consisting of earning pressure, debt level, company size and managerial ownership.

This research uses literature study and documentation techniques with research instruments in the form of annual financial reports to collect data. The types of data in this study include quantitative data types with purposive sampling data collection methods, in order to obtain 21 financial statement data for 3 years. The data analysis technique used is multiple linear regression analysis using the IBM SPSS 26 application.

The study obtained the results of a reduction in tax rates and non-tax incentives partially and simultaneously significant effect on earnings management. Through the research conducted, it is hoped that it can become additional literature regarding the factors that influence the occurrence of earnings management.

Keywords: tariff reduction of corporate income tax, non-tax incentives, earnings management

Article Information: Submission to Repository on September 2022

Introduction

The automotive sector contributes significantly to the national economy and is included in the top three contributors to household consumption after food and beverages. One of the priorities in the development of industry 4.0 in Indonesia is the automotive industry. There is always an increase in vehicle sales in Indonesia every year. The phenomenon of the covid-19 outbreak has resulted in a decline in production and operating activities in various companies (Harahap et al., 2021). The automotive sector, especially cars and their components, has had a major impact due to the Covid-19 phenomenon. The automotive sub-sector companies on the Indonesia Stock Exchange (IDX) experienced an average decline of 21% in 2020 which was obtained through the results of a decline in 15 automotive companies. The drastic decline in sales experienced by automotive companies has an impact on company profits. The amount of profit received by investors will affect the amount of capital invested in the company (Rahmadewi, 2018). Users of financial statements will pay attention to company profits because profit presents the results of company performance. However, profit is often the goal of management by minimizing or maximizing profits (Muiz, Enong and Ningsih, 2018).

Earnings management is defined as a step used by business managers to trick parties who need information about the condition of the company by manipulating the information contained in financial statements (Sulistyanto, 2018). There is also a statement that says earnings management is not fraud as long as it follows applicable accounting standards. The choice of accounting policy or method in presenting the profit profile is the usual way for company managers in the implementation of earnings management (Sochib, 2016). There are 2 main factors that encourage earnings management practices, both practices are to avoid declining profits and minimize the possibility of company losses. There is a policy of reducing tax rates by the Indonesian government in 2020. The reduction in tax rates provides an opportunity for management to delay the recognition of corporate profits and recognize expenses before the implementation of the new tax rate. Thus, the company can present a larger amount of profit. Non-tax incentives are incentives other than taxes used by companies in an effort to retain outstanding employees, increase employee productivity and get bonuses. Non-tax incentives are also a factor in the implementation of earnings management. These non-tax incentives are in the form of company size, debt level, earning pressure and managerial ownership.

There is still a gap in the results of the research that is considered as a consideration for conducting similar research using different variables, years and objects. Compiled the research with the title "The Effect of Reduction in Corporate Income Tax Rates and Non-Tax Incentives on Earnings Management in Automotive Sub-Sector Companies Listed on the Indonesia Stock Exchange". Through this research, it is hoped that the factors that influence the occurrence of earnings management in the automotive sub-sector will be known.

Method

The research is classified as quantitative research based on the data obtained. The data used is in the form of financial statements for the 2019-2021 automotive companies which are accessed through the www.idx.co.id page with purposive sampling technique as a sampling technique. The data ~~that has~~ been collected is then processed and described using the following formula:

1. Earnings Management

Earnings management was determined as the dependent variable with the Jones Modification Method as the variable measuring method. The use of the Modified Jones Method as a modification of the previously released Jones Model is because this model is designed with the aim of setting aside the tendency to use wrong assumptions in the Jones Model (Suyono, 2017).

a. Calculating total accrual (TA)

$$TA_{it} = NI_{it} - CFO_{it}$$

b. Calculating NDA

$$NDA_{it} = \beta_1\left(\frac{1}{A_{it-1}}\right) + \beta_2\left(\frac{\Delta R_{evit}}{A_{it-1}} - \frac{\Delta R_{ecit}}{A_{it-1}}\right) + \beta_3\left(\frac{PPE_{it}}{A_{it-1}}\right)$$

c. Calculating discretionary accruals (DA) as earnings management measure

$$DA = \frac{TA_{it}}{A_{it-1}} - NDA_{it}$$

2. Tariff Reduction

The tax rate is a percentage on the basis of taxation (DPP) of the tax object that is dependent. Structurally, tax rates are divided into: progressive rates, degressive rates, proportional rates and fixed rates. According to Yin and Cheng (2004) to Joni (2015), the calculation of tax planning uses the formula:

$$\text{TAXPLAN} = \frac{23{,}5\%\ (Pre\ Tax\ Income - Current\ proportion\ of\ tax)}{Total\ Asset}$$

3. Earning Pressure

Earning pressure is a management activity to carry out profit reduction in order to minimize corporate income tax payments. Earning pressure is also carried out for the distribution of profits so that it looks stable and the company's performance looks good. Earning pressure calculation using the formula:

$$Epress_{it} = \frac{Current\ year\ profit - Last\ year\ profit}{Total\ assets\ at\ beginning\ of\ the\ year}$$

4. Debt Level

The level of debt is the amount of debt owned by a company (Gusnita and Taqwa, 2019). In relation to earnings management, the company's debt level will have an impact on earnings management to retain company investors. This debt level can be calculated by the leverage ratio.

$$DER = \frac{Total\ Liabilitas}{Total\ Equitas}$$

5. Firm Size

The size of a company is directly proportional to the profit it generates. Companies that have large sizes tend to generate higher profits (Gusnita and Taqwa, 2019). Large companies are highly likely to implement earnings management in order to prevent payments of too large a corporate tax burden (Ramadhan, 2017).

$$Size = logn(Total\ Aset)$$

6. Managerial Ownership

Share ownership owned by the manager balances the interests of other shareholders and suppresses management deviant behavior (Fitri and Laksmi, 2022).

$$Managerial\ Ownership = \frac{\Sigma\, Management\ stock}{\Sigma\, Company\ stock}\ x\ 100\%$$

After calculating the value of each variable, in the initial test, the classical assumption test is carried out which is the condition for conducting linear regression to ensure the validity or validity of the research data (Sugiyono, 2016). Furthermore, statistical tests were carried out to find out the summary of the variable images of the companies used as samples. Multiple linear regression analysis is used in testing the effect of independent variables on the dependent variable because the number of independent or independent variables in the research conducted exceeds 1 variable. After determining the regression equation, then the F test and T test were carried out.

Result and Discussion

Tests were carried out using the IBM SPSS 26 Application with multiple linear analysis as a means of testing research hypotheses.

1. Test Result

a. The Classical Assumption Test

The results of the classical assumption test concluded that the regression model had met the classical assumption test and the data was normally distributed, free from autocorrelation, heteroscedasticity and multicollinearity.

b. Test of the Coefficient of Determination (R2)

The results of the coefficient of determination can be seen in Table 1 below:

Table 1

Test of the Coefficient of Determination

R	R Square	Adjusted R Square	Std. Error of the Estimate
0,904[a]	0,818	0,757	0,4314436

Source: secondary data processed, 2022

In the results of the coefficient of determination for multiple linear analysis found the independent variable can explain the earnings management variable by 75.7%.

c. Simultaneous Significance Test (F-Test)

Table 2

Simultaneous Significance Test (F-Test)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	*Regression*	12,518	5	2,504	13,449	0,000[b]
	Residual	2,792	15	0,186		
	Total	15,310	20			

a. *Dep. Var*: (Y) Earnings Management

b. *Predictors*: *(Constant)*, (X1) Tax Plan, (X2) Earning Pressure, (X3) Debt Level, (X4) Firm Size, (X5) Managerial Ownership

Source: Statistical data processed, 2022

Based on table 2, the test shows simultaneously the independent variable have a significant influence on the earnings management variable or the dependent variable.

d. Partial Statistics Test (T-Test)

Table 3
Partial Statistics Test (T-Test)

Model		*Unstandardized Coefficients* B	*Unstandardized Coefficients* Std. Error	*Standardized Coefficients* *Beta*	t	Sig.
1	(Constant)	0,014	0,101		0,139	0,891
	Taxplan	0,375	0,107	0,410	3,500	0,003
	Earning Pressure	0,233	0,089	0,319	2,607	0,020
	Debt Level	0,251	0,111	0,297	2,265	0,039
	Firm Size	0,345	0,109	0,374	3,179	0,006
	Managerial Ownership	-0,453	0,112	-0,512	-4,039	0,001

a. *Dep. Var*: (Y) Earnings Management

Source: Statistical data processed, 2022

Table 3 presents information on the effect of the independent variables consisting of a reduction in rates, earning pressure, debt levels, company size and managerial ownership partially on the dependent variable, namely earnings management. The results of calculations on each variable have met the requirements for acceptance of the hypothesis, namely the T-count exceeds the results of the T-table (2.13) with a significance of less than 0.05. Thus, the independent variable has a partial effect on the dependent variable.

2. Discussion

a. Earnings management affected by rate reduction

The calculation means that the rate reduction variable has a significant effect on the earnings management variable. Therefore, H1 is accepted and H0 is rejected. Testing of the H1 hypothesis includes testing with a positive direction. This means that the higher the reduction in tax rates results in increased tax planning, so that in the automotive sector there is an increase in earnings management.

One of the three hypotheses contained in positive accounting theory is the Political Cost Hypothesis. The hypothesis explains that transferring current profits to future periods is an effort made by the manager to carry out earnings management which aims to reduce the payment of corporate tax burden.

b. Earnings management affected by earning pressure

The hypothesis testing shown in Table 3 resulted in the earning pressure variable in automotive companies on the 2019-2021 BEI obtaining a value of 2.607 for t count. This value has met the requirements for the acceptance of the hypothesis with t-count > t-table (2.607 > 2.13). The significant value of the earning pressure variable is 0.02, which is lower than 0.05. Thus, indicating the acceptance of hypothesis H2, there is a significant effect of the earning pressure variable on earnings management. The high earning pressure has an impact on the high earnings management practices that occur. Companies that have reached the target perform income smoothing by diverting income in years with high income to years with low income (Hamijaya, 2015). This is done in order to equalize the company's profits and show a stable company condition and increase company value.

c. Earnings management affected by debt level

The t-count results obtained have exceeded the t-table (2.13) with a significance result of less than 0.05. Thus, the acceptance of the hypothesis (H3), there is a significant influence of the debt level variable on earnings management. The test includes a test with a positive direction which means that increasing debt levels will affect the improvement of earnings management practices in automotive companies. The high level of corporate debt has resulted in a tendency to do earnings management as an effort to convince investors who have invested that the company is still able to cover its debts with the profits generated by the company. The company will use a method that is able to recognize future profits to the current period as an effort to avoid risks due to violations of debt agreements. There is a tendency for earnings management to be carried out by companies that have high debt levels because of the possibility that the entity will not be able to fulfill its obligations. There is no tendency for managers to carry out earnings management for companies that violate debt contracts compared to companies that comply with debt contracts.

d. Earnings management affected by firm size
Based on these tests, it is indicated that the hypothesis (H4) is accepted, earnings management is influenced by firm size. Company size variable testing includes testing with a positive direction, which means that increasing the value of company size has an impact on increasing the implementation of earnings management in automotive companies. Investors can get a positive signal to invest their capital in companies that are companies with large sizes or large total assets. The number of resources owned by the company is related to the entity's ability to generate profits each period (Gusnita and Taqwa, 2019). The existence of great trust causes pressure to be received by the management in the company to always present good performance so that the tendency to carry out earnings management increases (Karina, 2020).

e. Earnings management affected by managerial ownership
The calculation shows that the hypothesis (H5) in this study is acceptable. Testing of managerial ownership variables includes negative testing, which means that the large value of managerial ownership will have an impact on the small amount of earnings management actions that managers take. Ownership of the company by management will increase the sense of ownership by managers so as to improve the quality of the company. Agency theory states that the problems that arise are caused by differences in interests between the agent and the principal. The management of the company tends to be selfish and ignore the interests of the owner of the company. The ownership of the company's shares from the management will have an impact on the implementation of tasks to the maximum and according to the objectives of other investors.

f. Earnings management affected by rate reduction, earning pressure, debt level, firm size and managerial ownership
Hypothesis (H6) in this study is acceptable. There is a significant effect between the variables of tax rate reduction, earning pressure, debt level, company size and managerial ownership together on earnings management variables

Conclusion

The conclusions that can be obtained after testing and analysis are: 1) The decrease in tax rates has a significant effect on earnings management, 2) Earning pressure has a significant effect on earnings management, 3) The level of debt has a significant effect on earnings management, 4) Firm size has a significant effect on earnings management. significant effect on earnings management, 5) managerial ownership has a significant effect on earnings management, 6) a decrease in tax rates, earning pressure, debt levels, company size and managerial ownership have a significant effect on earnings management.

Acknowledgment

We would like to thank all those who have helped in completing this research. We also thank the editors and reviewers for their constructive comments and suggestions in editing this article.

Reference

Fitri, Umairoh Ayunda; Laksmi, A. C. (2022). Pengaruh Insentif Pajak Dan Insentif Non-Pajak Terhadap Manajemen Laba. Universitas Islam Indonesia, 4(1986), 154. Https://Doi.Org/10.20885/Ncaf.Vol4.Art37

Gusnita, Y., & Taqwa, S. (2019). Pengaruh Keandalan Akrual, Tingkat Utang Dan Ukuran Perusahaan Terhadap Persistensi Laba. Jurnal Eksplorasi Akuntansi, 1(3), 1131–1150. Https://Doi.Org/10.24036/Jea.V1i3.132

Harahap, L. R., Anggraini, R., Ellys, E., & Effendy, R. Y. (2021). Analisis Rasio Keuangan Terhadap Kinerja Perusahaan Pt Eastparc Hotel, Tbk (Masa Awal Pandemi Covid-19). COMPETITIVE Jurnal Akuntansi Dan Keuangan, 5(1), 57. Https://Doi.Org/10.31000/Competitive.V5i1.4050

Joni, E. (2015). Perubahan Tarif Pajak Penghasilan Badan Menurut Undang-Undang Pajak Penghasilan. Jurnal Bisnis Dan Akuntansi, 17(1), 65–76.

Karina, R. (2020). Pengaruh Karakteristik Komite Audit Dan Auditor Eksternal Terhadap Praktik Manajemen Laba Di Indonesia. Forum Ekonomi, 22(2), 307–318.

Muiz, Enong Dan Ningsih, H. (2018). Jurnal Ekobis : Ekonomi , Bisnis & Manajemen Jurnal Ekobis : Ekonomi , Bisnis & Manajemen. Jurnal Ekonomi: Ekonomi, Bisnis & Manajemen, 8(2), 123–130.
Rahmadewi, P. W. (2018). Pengaruh EPS, PER, CR, Dan ROE Terhadap Harga Saham Di Fakultas Ekonomi Dan Bisnis Universitas Udayana , Bali , Indonesia. Manajem, 7(4), 2106–2133. Https://Ojs.Unud.Ac.Id/Index.Php
Ramadhan, R. (2017). Analisis Faktor Yang Mempengaruhi Manajemen Laba Pada Perusahaan Manufaktur Yang Tercatat Di BEI. Snaper-Ebis, 2017, 464–476.
Sochib. (2016). Good Corporate Governance Manajemen laba dan Kinerja Keuangan. Deepublish.
Sugiyono, P. D. (2016). Metode Penelitian Pendidikan (Pendekatan Kuantitatif, Kualitatif dan R&D). CV Alfabeta.
Sulistyanto, H. S. (2018). Manajemen Laba Teori Dan Model Empiris. In PT Grasindo.
Suyono, E. (2017). Bebagai Model Pengukuran Earnings Management: Mana Yang Paling Akurat. Sustainable Competitive Advantage, December, 303–324.

Pragiarisme Artikel

ORIGINALITY REPORT

16%	12%	9%	5%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Muhammad Fairus, Pardomuan Sihombing. "The Effect of Good Corporate Governance (GCG) Mechanism on Earnings Management Practices of The Stubben Model (Study Case on Mining Sector Companies Listed on The Indonesia Stock Exchange 2014-2019)", European Journal of Business and Management Research, 2020 Publication	1%
2	repository.stei.ac.id Internet Source	1%
3	repository.president.ac.id Internet Source	1%
4	Rakhmawati Purba, Aisyah Siregar, Rusma Wehni. "Impact of Goods Quality and Advertising on Buying Decision of Gembira Bread Brand", Business and Economic Research, 2020 Publication	1%
5	ejbmr.org Internet Source	1%

6	jurnal.poliupg.ac.id Internet Source	1 %
7	www.questjournals.org Internet Source	1 %
8	Justin Hidayat Soputra, Harman Malau. "THE EFFECT OF CAREER DEVELOPMENT AND COMPENSATION ON EMPLOYEE WORK MOTIVATION AT TOURISM ATTRACTION IN WEST JAVA", Abstract Proceedings International Scholars Conference, 2019 Publication	1 %
9	repository.untag-sby.ac.id Internet Source	1 %
10	Submitted to Universitas Jenderal Soedirman Student Paper	1 %
11	Submitted to Sriwijaya University Student Paper	<1 %
12	Submitted to Universitas Merdeka Malang Student Paper	<1 %
13	media.neliti.com Internet Source	<1 %
14	ojs2.pnb.ac.id Internet Source	<1 %
15	bircu-journal.com Internet Source	<1 %

16	ejournal.unhi.ac.id Internet Source	<1 %
17	www.researchgate.net Internet Source	<1 %
18	Scherly Hansopaheluwakan, Johanes Ronaldy Polla, Jeffry Kristiyanto, Harjanto Prabowo, Mohammad Hamsal, Bryan Lukmanto. "The Influence Of Social Media Marketing, Website Quality, E-Wom, And Perceived Value On The Purchase Intention (Case Study: PT. Vita Nova Atletik's Local Brand Sports Shoes)", 2020 International Conference on Information Management and Technology (ICIMTech), 2020 Publication	<1 %
19	ilomata.org Internet Source	<1 %
20	Muhammad Wahyuddin Abdullah, Hermawan, Andi Yustika Manrimawagau Bayan. "INTERACTION OF INDEPENDENT COMMISSIONERS AGAINST EARNING MANAGEMENT DETERMINANTS", International Journal of Engineering Technologies and Management Research, 2020 Publication	<1 %
21	journal.stieindragiri.ac.id	

Internet Source

<1 %

22	Deo Dio Du Simanjuntak, Judith T. Gallena Sinaga. "THE EFFECT OF BOARD OF COMMISSIONERS, AUDIT COMMITTEE, COMPANY SIZE, AND CAPITAL STRUCTURE ON AGENCY COSTS: INDONESIA PERSPECTIVE", Jurnal Akuntansi, 2021 Publication	<1 %
23	Rodhiya Maulidah, Rahmat Agus Santoso. "Pengaruh Kualitas Audit, Ukuran Perusahaan Dan Leverage Terhadap Manajemen Laba Pada Perusahaan Perbankan Yang Tercatat Di Bursa Efek Indonesia Tahun 2016-2018", Jurnal Mahasiswa Manajemen, 2020 Publication	<1 %
24	debian.stiesia.ac.id Internet Source	<1 %
25	ijisrt.com Internet Source	<1 %
26	jurnal.iainponorogo.ac.id Internet Source	<1 %
27	jurnaltsm.id Internet Source	<1 %
28	ojsicobuss.stiesia.ac.id Internet Source	<1 %

29	profesionalmudacendekia.com Internet Source	<1%
30	trj.stptrisakti.ac.id Internet Source	<1%
31	M. Noor Salim, M. Rusman HN. "Effect of Good Corporate Governance (GCG) Mechanism on Earning Management Practices and the Impact on Stock Returns (Case Study on LIQUID (lQ 45) Companies Listed in Indonesia Stock Exchange Period 2013-2017)", Business and Management Studies, 2015 Publication	<1%
32	Dade Nurdiniah, Chita Oktapriana, Iren Meita, Milla Damay Yanti. "Impact of Leverage and Firm Size on Earnings Persistence with Managerial Ownership as Moderating Variables", European Journal of Business and Management Research, 2021 Publication	<1%

Exclude quotes	Off	Exclude matches	Off
Exclude bibliography	On		

Pragiarisme Artikel

PAGE 1

Proofread This part of the sentence contains an error or misspelling that makes your meaning unclear.

Confused You have used either an imprecise word or an incorrect word.

Missing "," Review the rules for using punctuation marks.

Article Error You may need to remove this article.

Article Error You may need to use an article before this word.

P/V You have used the passive voice in this sentence. You may want to revise it using the active voice.

PAGE 2

S/V This subject and verb may not agree. Proofread the sentence to make sure the subject agrees with the verb.

Frag. This sentence may be a fragment or may have incorrect punctuation. Proofread the sentence to be sure that it has correct punctuation and that it has an independent clause with a complete subject and predicate.

Article Error You may need to use an article before this word.

PAGE 3

Article Error You may need to remove this article.

Frag. This sentence may be a fragment or may have incorrect punctuation. Proofread the sentence to be sure that it has correct punctuation and that it has an independent clause with a complete subject and predicate.

Missing Apos. Review the rules for using punctuation marks.

Article Error You may need to remove this article.

Missing "," Review the rules for using punctuation marks.

Frag. This sentence may be a fragment or may have incorrect punctuation. Proofread the sentence to be sure that it has correct punctuation and that it has an independent clause with a complete subject and predicate.

Article Error You may need to use an article before this word.

Missing "," Review the rules for using punctuation marks.

Sp. This word is misspelled. Use a dictionary or spellchecker when you proofread your work.

Sp. This word is misspelled. Use a dictionary or spellchecker when you proofread your work.

PAGE 4

Article Error You may need to remove this article.

Missing "," Review the rules for using punctuation marks.

Sp. This word is misspelled. Use a dictionary or spellchecker when you proofread your work.

Missing "," Review the rules for using punctuation marks.

Missing "," Review the rules for using punctuation marks.

Article Error You may need to remove this article.

Confused You have used either an imprecise word or an incorrect word.

Missing "," Review the rules for using punctuation marks.

Prep. You may be using the wrong preposition.

Missing "," Review the rules for using punctuation marks.

PAGE 5

P/V You have used the passive voice in this sentence. You may want to revise it using the active voice.

Article Error You may need to remove this article.

Article Error You may need to use an article before this word.

Article Error You may need to use an article before this word. Consider using the article **the**.

P/V You have used the passive voice in this sentence. You may want to revise it using the active voice.

Article Error You may need to remove this article.

Prep. You may be using the wrong preposition.

Article Error You may need to use an article before this word.

Sentence Cap. Review the rules for capitalization.

Prep. You may be using the wrong preposition.