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The Effect of Tax Planning, Deferred Tax Assets, Deferred Tax Expenses and Tax Avoidance on Earning Management

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ABSTRACT: The earnings management phenomenon that occurs in food and beverage sector manufacturing companies in Indonesia can influence the decisions of investors and other stakeholders in investing in shares. This research aims to determine the effect of tax planning, deferred tax assets, deferred tax expenses, and tax avoidance on earnings management in food and beverage sub sector companies listed on the Indonesia Stock Exchange for the 2018-2022 period. Agency theory is used as a foundation to explain the conflict of interest between principals and agents in company management. This research method uses a quantitative method with a causal associative approach. Secondary data collection techniques were collected through library research and financial report documentation from the website www.idx.co.id. The sample consists of 14 companies selected using purposive sampling techniques in the 2018-2022 period. Data analysis used the t-test (partial) with the SPSS version 25 statistical data processing tool. The research results showed that deferred tax expenses and tax avoidance had a significant effect on income management, while tax planning and deferred tax assets had no effect. Tax planning, deferred tax assets, deferred tax expenses and tax avoidance have a 94.4% effect on income management. In conclusion, companies tend to utilize deferred tax expenses and tax avoidance practices in earnings management. Further research is recommended to expand the scope of research and other variables that have the potential to influence earnings management.

Keywords: Tax Planning, Deferred Tax Assets, Deferred Tax Expenses, Tax Avoidance, Earning Management

INTRODUCTION

The increasingly complex business dynamics, particularly in the food and beverage manufacturing sector, have driven companies to continuously innovate and improve their financial performance. The role of tax management is becoming increasingly crucial, as its impact directly influences the financial health of a company. Companies are now challenged to harmonize tax policies on a global level, while also adapting to constantly changing domestic tax regulations. This requires the implementation of adaptive strategies to navigate these challenges effectively.

A significant issue that cannot be overlooked is the practice of earnings management. This practice often involves accounting manipulation, which can present an inaccurate picture of a company's performance, potentially misleading investors. The primary goal of a company is to achieve high profitability to attract investors, thereby increasing its market value. However, several cases in Indonesia have revealed instances of earnings management, particularly in the food and beverage sector.

For example, PT Akhasa Wira Internasional Tbk (ADES) managed to report a net profit growth of 38.48% in 2018, reaching Rp52.96 billion, despite a 1.25% decline in sales. Another notable case is PT Tiga Pilar Sejahtera Food Tbk (AISA), which was suspected of inflating its financial statements by Rp4 trillion in 2017. An investigation by PT Ernst & Young Indonesia uncovered manipulations in accounts receivable, inventory, and fixed assets, leading to a significant revision of the company's reported net loss from IDR 551.9 billion to IDR 5.23 trillion.

The phenomenon of earnings management is driven by various factors, including the pressure to achieve high-performance targets. Companies often feel compelled to continuously increase profits and stock prices to meet investor expectations. Additionally, the complexity of tax regulations provides opportunities for companies to engage in aggressive tax planning, which can ultimately lead to the manipulation of financial statements.

Earnings management has serious consequences for various stakeholders. Investors may make incorrect investment decisions based on inaccurate information, and the credibility of the capital market may be compromised if this practice becomes widespread. Therefore, it is crucial for regulators and other stakeholders to monitor and take action against these harmful practices.

The research by Vanesa Azhara, Idel Eprianto, and Amor Marundha (2023) found that deferred tax burden has a negative impact, tax planning has a positive impact, and tax avoidance has a negative impact on earnings management in food and beverage consumer goods companies listed on the Indonesia Stock Exchange (IDX)(Mocanu et al., 2021; Wang & Wright, 2023). The study also indicated no multicollinearity, heteroskedasticity, or autocorrelation issues. Partial test results showed that deferred tax burden and tax planning influence earnings management, while tax avoidance does not. Meanwhile, the research by Yogi Maulana Putra (2019) found that deferred tax assets positively affect and deferred tax burden negatively affects earnings management in food and beverage companies listed on the IDX. However, tax planning has no significant effect(Knežević et al., 2023). This study also confirmed that the data is normally distributed with no issues of autocorrelation, heteroskedasticity, or multicollinearity.

Based on this background and several previous studies, your research aims to further investigate the impact of tax planning, deferred tax assets, deferred tax burden, and tax avoidance on earnings management within the food and beverage manufacturing sector listed on the Indonesian Stock Exchange from 2018 to 2022. This study is particularly focused on examining how these factors either contribute to or mitigate earnings management practices, which have significant implications for investor decisions and market credibility. The proposed title, "The Influence of Tax Planning, Deferred Tax Assets, Deferred Tax Burden, and Tax Avoidance on Earnings Management: An Empirical Study on Food and Beverage Sub-sector Manufacturing Companies Listed on the

Indonesian Stock Exchange for the 2018-2022 Period," accurately reflects the focus of this research(Adams et al., 2024; Seiler et al., 2021; Yang et al., 2022).

Theory And Hypothesis Agency Theory

This research is based on the theory of agencies that play an important role in the company's business practice. According to Santana and Wirakusuma (2016), explaining agency theory is an assumption that each individual is solely motivated by his own well-being and interest(Santana & Wirakusuma, 2016). The principal and the agent are assumed to be parties with economic ratios and are motivated by personal interests, so even if there is a contract, the agent will not do what is best for the owner's interests. The relationship between the agent and the principal will be problematic if there is information asymmetry. Agency conflict can be minimized with a supervisory mechanism that can align the interests between managers and shareholders. The emergence of this supervision will incur monitoring costs, which are often referred to as agency costs.

Earning Management

Earning management is the manager's choice of accounting policies or actions that are actually carried out by the manager so that they affect profits, in order to achieve several profit objectives that will be reported (Scott, 2015). Profit information as part of financial statements is often the target of manipulation through opportunistic management actions to maximize its satisfaction, but it can be detrimental to shareholders or investors. These opportunistic actions are carried out by choosing certain accounting policies, so that the company's profits can be regulated according to their wishes. The research on earning management variables is measured by the formula:

$$\Delta E = \frac{Eit - Eit - 1}{MVEit - 1}$$

Tax Planning

Tax planning is the process of integrating the businesses of taxpayers or groups of taxpayers to minimize the tax burden in accordance with tax provisions (Auer, 2022; Laplante et al., 2021). Tax planning is the process of organizing a taxpayer's business in such a way that its tax debts, both income tax and other taxes, are in a minimal position, as long as this is possible by the provisions of tax laws and regulations (Pohan, 2015). Tax planning aims to engineer the tax burden so that it can be reduced as low as possible by utilizing existing regulations to maximize income after tax return, because taxes are an element of profit reduction that is available, both to be distributed to shareholders and to be reinvested (Suandy, 2016). The research on tax planning variables is measured by the formula:

$$\textbf{TRR} = \frac{\textbf{Net Income it}}{\textbf{Pretax Income (EBIT it)}}$$

Deferred Tax Assets

Deferred Tax Assets are assets that occur when the time difference causes a positive correction that results in a tax burden according to commercial accounting is smaller than the tax burden according to the Tax Law (Waluyo, 2016). The research on deferred tax asset variables is measured by the formula:

$$\text{Deferred Tax Assets it} = \frac{\Delta \text{ Deferred Tax Assets}}{\text{Deferred Tax Assets}}$$

Deferred Tax Expenses

Deferred tax expenses is a expense that arises due to the difference between accounting profit (i.e. profit in financial statements for the benefit of external parties) and fiscal profit (profit used as the basis for tax calculation) (Harnanto, 2003; Nolastname et al., 2021). The research on the variable of deferred tax burden is measured by the formula:

$$\text{DTE} = \frac{\text{DTEit}}{\text{TAit-1}}$$

Tax Avoidance

Tax Avoidance is a form of effort or action taken by a company to minimize the tax burden by taking advantage of existing loopholes(Bilicka et al., 2023). However, this action is still legal as long as it is in accordance with the tax regulations that have been set. The measurement variable in this study uses CETR (Cash Effective Tax Rate) like the previous study conducted (Ayem & Ongirwalu, 2020), where calculating the cash incurred for tax costs divided by profit before tax. The research on tax avoidance variables measured using CETR (Cash Effective Tax Rate) can be formulated as follows:

$$\text{CETR} = \frac{\text{Pembayaran Pajak}}{\text{Laba Sebelum Pajak}}$$

Hypothesis

The Effect of Tax Planning on Earning Management

This effort to minimize the tax burden is often called tax planning, it arises because of the desire of the management to reduce and make the tax burden as small as possible (Koivisto, 2024). Tax planning is the first step in tax management. Tax management itself is a means to properly fulfill tax obligations, but the amount of tax paid can be reduced to a minimum to obtain the expected profit and liquidity. The next step is the implementation of tax obligations (tax implementation) and tax control (tax control). The results of research conducted by Astutik (2016) prove that tax planning has a positive influence on earning management(Astutik, 2016).

H1 : Tax Planning Affects Earning Management

The Effect of Deferred Tax Assets on Earning Management

Deferred tax assets occur when accounting profit is greater than fiscal profit due to temporary differences. The greater accounting profit from fiscal profit results in the company postponing the tax payable in the coming period (Fitriany, 2016). The role between deferred tax assets that will be possible can be used as an indicator of earning management. If the number of deferred tax assets is larger, the higher the management will manage profits (Hakim et al., 2015). The results of the research of Fitriany (2016) and Hakim (2015) show that deferred tax assets have an effect on earning management because deferred tax assets whose amount is enlarged by management are motivated by the provision of bonuses, political burdens on the size of the company and minimizing tax payments so as not to harm the company.

H2 : Deferred Tax Assets Affects Earning Management

The Effect of Deferred Tax Expenses on Earning Management

The information contained in financial statements is often engineered by management to optimize the company's profits and also for its own benefit or known as earning management. Deferred tax expenses is one of the approaches that can be used to detect the existence of earning management practices carried out by company management (Herdiawati, 2015). The results of research conducted by Tundjung (2015) and Astutik (2016) prove that the deferred tax expenses has a significant effect on earning management (Tundjung, 2015).

H3 : Deferred Tax Expenses Affects Earning Management

The Effect of Tax Avoidance on Earning Management

According to Falbo and Firmansyah (2021), the practice of tax avoidance is a management effort to streamline the tax burden by taking advantage of the gap or opportunity between the Financial Accounting Standards (SAK) and the tax provision system(Falbo & Firmansyah, 2021). Tax avoidance can affect earning management from the tax regulations themselves. The accounting method for recognizing profits has several differences so that it can be used as an opportunity for management to manipulate profits (Lestari and Putri, 2017), so that the higher the company conducts tax avoidance, the more the company manages profits. This is also in line with the results of Larastomo (2016) research, which states that tax avoidance has a positive influence on earning management because the management conducts tax avoidance by increasing the burden through the use of certain accounting policies so that profits become smaller(Larastomo et al., 2016).

H4 : Tax Avoidance Affects Earning Management

Population And Sample

The population of this study is manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period. The study only used companies that met the criteria described in the sample, these criteria were established to ensure the quality and representation of the data.

Table 1 Sampling Procedure

No	Criteria	Amount
1	Manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX) in 2018-2022	84
2	Manufacturing companies in the food and beverage sub-sector that did not publish annual financial statements on the Indonesia Stock Exchange for the 2018-2022 period consecutively.	(61)
3	Manufacturing companies in the food and beverage sub-sector that do not have deferred tax asset accounts and deferred tax expenses during 2018- 2022.	(9)
	Number of Samples Selected	14
	Total Samples in 5 Years (14 x 5 years)	70

Source: Processed by Researchers, 2023

In accordance with the above criteria, then the sample that meets the criteria is 14 manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange in 2018-2022.

Data Type And Source

The type of research used in this study is the causal associative type. The purpose of causal associative research is to explain the relationship and influence between one variable and another. This research method uses quantitative research, namely classifying, calculating, comparing, and analyzing data. The data collection used in this study uses documentation observation techniques to obtain the data needed in the study, by looking at the financial statements of all manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX) during the period 2018-2022 published by the company through the www.idx.co.id website

METHOD

Research Sample Selection Procedure

The research employs purposive sampling with criteria that ensure the sample is representative and relevant to the study's objectives. The criteria include: 1) Manufacturing companies in the food and beverage sub-sector listed on the IDX from 2018-2022; 2) Companies that issued annual financial reports consistently during this period; and 3) Companies with deferred tax assets and burdens during the same timeframe(Silva et al., 2021). This selection provides a detailed analysis of earnings management practices, reflecting recent industry trends and regulatory changes, while ensuring reliable data and comprehensive insights into the impact of financial variables across different economic conditions.

Data Collection Methods

This research utilizes library research and documentation methods for data collection. The researcher uses documentary observation techniques to gather the required information by examining the financial reports of all manufacturing companies in the food and beverage sector listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period, which are available on the website www.idx.co.id.

Descriptive Statistical Analysis

This test is applied to describe the variables used in this study. The analysis tools used are mean, standard deviation, maximum, minimum, and frequency distribution (Ghozali, 2021). Descriptive statistics present numerical measures that are very important to the sample data. The descriptive statistical test is used to analyze an event that occurs at the present time and occurs in manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX) in 2018-2022.

Classical Assumption Test

Classical assumption tests are conducted to verify that a multiple linear regression model adheres to essential assumptions, ensuring that the analysis results are both valid and reliable. These tests serve as prerequisites in hypothesis testing to confirm the validity of the regression analysis outcomes. To evaluate the classical assumptions of secondary data, the researcher utilizes tests for normality, multicollinearity, heteroscedasticity, and autocorrelation.

Normality test

The data normality test aims to find out whether a regression model has a normal data distribution or not. A good regression model is a normal distribution. The test uses the Kolmogorov-Smirnov One-Sample test by looking at the exact test Monte Carlo with a confidence level of 95%. The importance of deciding whether the data is processed normally or not is that if the significance value is greater than 0.05, the distribution of such data is normal, and if the significant value is less than 0.05 such distribution is non-normal. (Ghozali, 2021).

Multicoloniality test

The multicollinearity test aims to identify whether there is a correlation between independent variables in the regression model. According to Ghozali (2021), this test detects the existence of multicollinearity by examining tolerance values and Variance Inflation Factor (VIF). Multicollinearity does not exist if the tolerance is more than 0.1 and the VIF is less than 10. To address this issue, steps that can be taken include: removing highly correlated variables, combining variables through Principal Component Analysis (PCA) or creating composite variables, using ridge regression or lasso, adding relevant variables, examining and modifying model specifications, using alternative or recent data, and transforming variables. These measures help reduce multicollinearity and improve the reliability and interpretation of regression results.

Heteroscience test

The method used in detecting heteroscedasticity can be done by observing scatter plots. The data is said to have no heteroscedasticity symptoms if the points produced on the scatter plots spread all over the number above and below the number 0 on the Y axis (Ghozali, 2021). The basis of the analysis of the heteroscedasticity test is as follows: If there is a certain pattern (wavy, widening and then narrowing), it indicates that heteroscedasticity has occurred. If there are no patterns and dots spreading above and below the number 0 on the Y axis, then there is no heteroscedasticity. The basis for decision-making in the Heteroscedasticity Test with Scatterplot graphs is as follows:

1. If there is a certain pattern in the scatterplot chart, such as points that form an orderly pattern (wavy, spread later and narrow), then it can be concluded that heteroskesdasticity has occurred.
2. On the other hand, if there is no clear pattern, as well as the points spread, then the indication is that there is no heteroscedasticity.

To overcome this, it can: perform data transformations (logarithms, square roots, or inverses) to stabilize variances; adding variables missing from the model; divide the data into homogeneous groups; using robust estimation methods such as Huber-White standard errors; applying Weighted Least Squares (WLS) to give weight to observations; using Box-Cox Transformation to determine the right transformation; and double-check the model to ensure the correct specifications. These steps help address heteroscedasticity and improve the reliability and validity of regression models.

Autocorrelation Test

The autocorrelation test is used to test whether in a regression model there is a correlation between the disturb variable in the t-period and the perturbator variable in the t-1 period (previously). A good regression model is a regression model in which there is no autocorrelation in it. This study used the Durbin-Watson test (DW Test) with the Cochrane-Orcutt method to test the autocorrelation of the research regression model. The following are the terms used in the autocorrelation test:

1. DW < DL or DW > 4-DL, which means there is an autocorrelation.
2. DU < DW < 4-DU, meaning there is no autocorrection.
3. DL< DW < DU or
4. 4-DU < DW< 4DL, meaning no conclusion.

Double Linear Regression Analysis

This study uses the method of double linear regression analysis, i.e. regression used to show the relationship between one dependent variable (Y) and two or more independent variables (X). This regression model is often used in research involving more than one independent variable. The regression equations that are structured based on the hypothesis in this study are as follows:

$$Y = \alpha + \beta X1 + \beta X2 + \beta X3 + \beta X4 + e$$

Description:

Y : Earning Management

α : Constanta

β : Regression Coefficient

X1 : Tax Planning

X2 : Deferred Tax Assets X3 : Deferred Tax Expenses X4 : Tax Avoidance

e : Error item

Hypothesis Test

To test the hypothesis regarding the influence of the independent variable on the bound variable by conducting a t-test and a determination coefficient test (R-Square). There are two hypothesis tests used in this study, namely as follows:

Determination Coefficient Test (R2)

According to Ghozali (2021), to determine how much an independent variable can explain the dependent variable, it is necessary to know the value of the determination coefficient (Adjusted R-Square). The value of the determination coefficient or R-Square is used to predict and see how much influence the X variable simultaneously (together) contributes to the Y variable

Partial Test (Uji T)

The hypothesis test is carried out through a t-test by comparing the calculated t with the table t of the regression coefficient of each independent variable. The t-test aims to find out whether the regression coefficient of each independent variable has an influence on the dependent variable. This test was carried out by looking at the significant probability value (Sig.) t which was compared to the set significant limit of 0.05. The criteria for accepting a hypothesis are as follows:

1. If the sig value is < alpha (0.05) and is in line with the hypothesis, then the hypothesis is accepted.
2. If the sig value is > alpha (0.05) and does not align with the hypothesis, then the hypothesis is rejected.

RESULT AND DISCUSSION

Descriptive Statistical Analysis

Here are the results of descriptive statistical testing on the sample studied:

Table 2 Descriptive Statistical Analysis Test Results.

	Descriptive Statistics			
	N	Mean	Std. Deviation	Minimum	Maximum

Tax Planning	14	-0,0701	0,67451	-2,18	0,34
Aset Pajak Tangguhan	14	0,1525	0,34286	-0,52	0,99
Beban Pajak Tangguhan	14	-0,6045	2,66253	-9,83	0,45
Tax Avoidance	14	0,0704	0,26108	-0,34	0,76
Earning Management	14	0,4082	1,45244	-0,91	5,25

Source: Primary data processed, Researchers 2024

The results of descriptive statistical analysis of the variables studied in 14 companies showed that the tax planning variable had a minimum value of -2.18, a maximum value of 0.34, an average of - 0.0701, and a standard deviation of 0.67451. The deferred tax asset variable shows a minimum value of -0.52, a maximum value of 0.99, an average of 0.1525, and a standard deviation of 0.34286. The deferred tax expense variable recorded a minimum value of -9.83, a maximum value of 0.45, an average of -0.6045, and a standard deviation of 2.66253. Meanwhile, the tax avoidance variable has a minimum value of -0.34, a maximum value of 0.76, an average of 0.0704, and a standard deviation of 1.45244.

Classical Assumption Test Normality test

Table 3 below displays the findings of the Kolmogorov-Smirnov test-based normalcy test:

Table 3 Results of the Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test	
	Unstandardized Residual
N	14
Monte Carlo. Sig. (2-tailed)	0,071c,d

Source: Primary data processed, Researchers 2024

The results of the normality test with the Kolmogrov-Smirnov One Sample test, showed that the Monte Carlo Sig. 2-tailed value was 0.071 > 0.05, then the data can be said to be normally distributed.

Multicoloniality test

The purpose of the multicolinearity test is to determine whether there is a correlation between free Multicollinearity test is a condition in which a regression model finds a perfect or near-perfect correlation between independent variables. A good regression model should not be correlated. A

free regression model can be known from multicollinearity, namely by looking at the value of Tolerance Value and value VIF (Variance Inflation Factor):

1. If the Tolerance Value < 0.10 or VIF > 10, then it can be concluded that Multicollinearity occurs on the data being tested.
2. If the Tolerance Value > 0.10 or VIF < 10, then it can be concluded that there is no multicollinearity with the data being tested.

The results of the multicolinearity test are presented in table 4 below.

Table 4 Multi-Linearity Test Results

Coefficients[a]			
	Variabel	**Collinearity Statistics**	
		Tolerance	**VIF**
1	(Constant)		
	Tax Planning	0,884	1,131
	Aset Pajak Tangguhan	0,764	1,309
	Beban Pajak Tangguhan	0,616	1,623
	Tax Avoidance	0,583	1,714
a.	Dependent Variable: Earning Management		

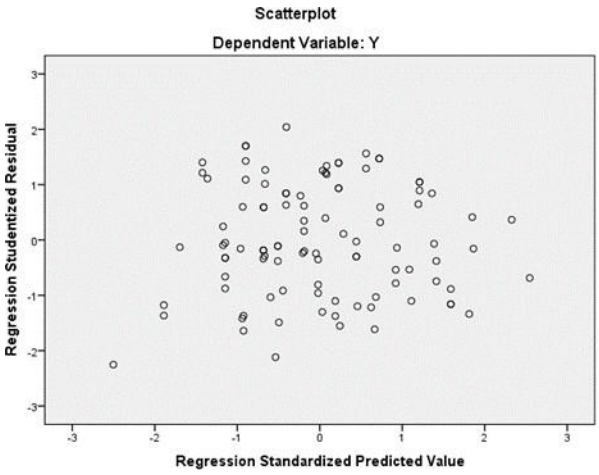
Source: Primary data processed, Researchers 2024

The results of the multicollinearity test showed that the tolerance value of each variable had a tolerance value of > 0.10 and a VIF < 10, so that the tested data did not occur multicollinearity.

Heteroscience test

The results of the heteroscedasticity test are listed in table 5 below.

Table 5 Heteroskedasticity Test Results



Source: Primary data processed, Researchers 2024

Based on the results of the heteroscedasticity test in Table 5, it can be seen that the residual data of the regression model is scattered randomly or does not form a certain pattern, so it can be concluded that there is no heteroscedasticity in the regression model.

Autocorrelation Test

To test for autocorrelation, this study used the Durbin-Watson test tool. This is a tool that can identify autocorrelation problems. The results of the autocorrelation test conducted in this study are presented in Table 6 below.

Table 6 Autocorrelation Test Results

Model Summary[b]	
Variabel	Durbin-Watson
1	2,849
a. Predictors: (Constant), Tax Planning, Aset Pajak Tangguhan, Beban Pajak Tangguhan, Tax Avoidance	
b. Dependent Variable: Earning Management	

Source: Primary data processed, Researchers 2024

Based on the above table, that Durbin-Watson is 2.849, the comparator uses a significance value of 5%, the number of samples 14 (N), and the number of independent variables 4 (k=4), then in the Durbin-Watson table we will get a du value of 2.0296. Since the value of DW 2.849 is greater than the upper bound (du) of 2.0296, it can be concluded that there is no autocorrelation.

Double Linear Regression Analysis

Double linear regression analysis is carried out with the aim of testing the impact of tax planning (X1), deferred tax assets (X2), deferred tax expenses (X3), and tax avoidance (X4) on earning management (Y).

Table 7 Double Linear Regression Analysis

Coefficients[a]			
Model		***Unstandardized Coefficient*** **B**	**Sig.**
1	(Constant)	-0,074	0,518
	Tax Planning	-0,037	0,808
	Aset Pajak Tangguhan	0,148	0,652
	Beban Pajak Tangguhan	-0,586	0,000
	Tax Avoidance	1,453	0,014
a. Dependent Variable: Earning Management			

Source: Primary data processed, Researchers 2024

The regression equations that are structured based on the hypothesis in this study are as follows:

$$\mathbf{EM = -0,074 - 0,037\ TP + 0,148\ APT - 0,586\ BPT + 1,453\ TA + e}$$

The interpretation of the multiple linear regression equation shows that when the variables Tax Planning (X1), Deferred Tax Assets (X2), Deferred Tax Expense (X3), and Tax Avoidance (X4) are in a constant or zero condition, Earning Management (Y) has a value of -0.074. Each increase of one unit in Tax Planning (X1) will decrease Earning Management (Y) by 0.037, while an increase of one unit in Deferred Tax Assets (X2) will increase Earning Management (Y) by 0.148.

Conversely, an increase of one unit in Deferred Tax Expense (X3) will decrease Earning Management (Y) by 0.586, and an increase of one unit in Tax Avoidance (X4) will increase Earning Management (Y) by 1.453.

Determination Coefficient Test (R2)

The purpose of this coefficient of determination (R2) test is to show the percentage of the influence of all independent variables on the dependent variable. The results of the coefficient of determination (R2) test can be seen in table 8 below.

Table 8 Coefficient of determination (R^2)

Model Summary[b]				
Variabel	R	R Square	Adjusted R Square	Std. Error of the Estimate
	10,980[a]	0,961		0,9440,34340

a. Predictors: (Constant), Tax Planning, Aset Pajak Tangguhan, Beban Pajak Tangguhan, Tax Avoidance

b. Dependent Variable: Earning Management

Source: Primary data processed, Researchers 2024

The coefficient of determination (R2) is a measure of how well the variability in the dependent variable earning management (Y) can be explained by the independent variables included in the regression model. It is known that the Adjusted R-Square value is 0.944. This states that the influence of tax planning, deferred tax assets, deferred tax expenses and tax avoidance on earning management is 94.4% which means that it has a high relationship, while the remaining 5.6% of earning management is influenced by other variables that are not studied in this study.

Partial Test (uji T)

The t test results can be seen in table 7. The interpretation of these values is as follows:

The first hypothesis testing shows that tax planning variable of 0.808 means 0.808 > 0.05. This shows that tax planning does not have a significant effect on earning management.

The second hypothesis testing shows that variable of deferred tax assets is 0.652, the value means 0.652 > 0.05. This shows that Deferred Tax Assets do not have a significant effect on earnings management.

The third hypothesis testing shows that variable of deferred tax expenses is 0.000, the value means 0.000 < 0.05. This shows that Deferred Tax Expenses has a significant effect on earnings management.

The fourth hypothesis testing shows that tax avoidance variable is 0.014, the value means 0.014 < 0.05. This shows that Tax Avoidance has a significant effect on earning management.

Tax Planning no affects earning management

It is known that the significance value of tax planning is 0.808, which means 0.808 > 0.05. This indicates that tax planning does not have a significant effect on earnings management because the significance is greater than the 0.05 probability. Based on this test, it can be concluded that H1 is rejected. These results show that there is no relationship between tax planning and earnings management for two reasons: first, the company engages in tax planning, but earnings management does

not occur, possibly due to ineffective tax planning, which tends to only provide benefits from a fiscal perspective. However, the company also gains additional capital from investors through the sale of shares. Second, these results do not align with agency theory as hypothesized, because the company does not engage in tax planning, resulting in no earnings management. Tax planning, which should be useful for structuring the business and transactions of corporate taxpayers to minimize tax liability, is not implemented because the manager does not conduct tax planning. It can be said that the manager is not opportunistic, as there is no wastage of resources in the company, and the company's financial condition is stable. It is concluded that the presence or absence of tax planning conducted by management does not affect the management's engagement in earnings management practices. This research is consistent with the study by Suyoto & Dwimulyani (2019), which states that tax planning does not affect earnings management. This is due to data differences and the increasingly limited opportunities for managers to engage in tax planning due to tax regulations. Companies tend to engage in earnings management to avoid profit decline, while the purpose of tax planning is to reduce taxable income. The greater the tax planning, the less earnings management is practiced by the company, meaning that tax planning does not influence earnings management practices.

Deferred Tax Assets no affects earning management.

It is known that the significance value of deferred tax assets is 0.652, which means 0.652 > 0.05. This indicates that deferred tax assets do not have a significant effect on earnings management because the significance is greater than the 0.05 probability. Based on this test, it can be concluded that H2 is rejected. Deferred tax assets represent the amount of income tax that can be recovered in future periods due to temporary differences between accounting treatment and income tax treatment. These temporary differences can cause either a positive or negative adjustment to the company's accounting profit, but this adjustment is temporary and will be reversed in the next period. The study by Saragih (2022) also supports this finding, showing that deferred tax assets do not significantly impact earnings management practices. It was observed that companies are more inclined to engage in tax planning through strategies like tax avoidance or tax evasion, rather than leveraging deferred tax assets for earnings management.

Deferred Tax Expenses affects earning management.

It is known that the significance value of deferred tax expense is 0.000, which means 0.000 < 0.05. This indicates that deferred tax expenses have a significant effect on earnings management because the significance is less than the 0.05 probability. Based on this test, it can be concluded that H3 is accepted. Deferred tax expenses are a burden arising from temporary differences between accounting profit and fiscal profit. The results of this study show that deferred tax expenses have a significant effect on earnings management because they represent an expense arising from temporary differences between accounting and fiscal profit. The existence of deferred tax can

reduce the profits earned by the company, thereby impacting the taxes that must be paid by the company in the future. This study is consistent with the research by Rosyida and Amanah (2021) and Lestari (2018), which states that deferred tax expense significantly affects earnings management.

Tax Avoidance affects earning management.

It is known that the significance value of tax avoidance is 0.014, which means 0.014 < 0.05. This indicates that tax avoidance has a significant effect on earnings management because the significance result is less than the 0.05 probability. Based on this test, it can be concluded that H4 is accepted. Tax avoidance is a legal effort made by companies to minimize the tax burden that must be paid. One way companies achieve this is by engaging in earnings management. Earnings management is performed by manipulating financial statements so that reported profits appear lower, thereby reducing the tax burden that must be paid. This is consistent with the research by Lastomo et al. (2016), which found a positive relationship between tax avoidance and earnings management. Companies that engage in tax avoidance are likely to also practice earnings management to lower taxable income. Earnings management is carried out because companies can reduce their tax burden, thereby improving the company's cash flow. The higher the level of tax avoidance practiced by a company, the greater the likelihood that the company will engage in earnings management.

Implication

The research findings on the Influence of Tax Planning, Deferred Tax Assets, Deferred Tax Expenses, and Tax Avoidance on Earnings Management indicate that only Deferred Tax Expenses and Tax Avoidance have a significant effect on earnings management practices. This suggests that while companies may engage in tax planning and hold deferred tax assets, these factors do not drive earnings manipulation. On the other hand, Deferred Tax Expenses arising from temporary differences between accounting profit and fiscal profit can impact earnings management, highlighting the importance of stricter accounting oversight. Additionally, tax avoidance has been proven to encourage earnings management, underscoring the need for stronger regulations and oversight to prevent excessive tax avoidance practices.

CONCLUSION

The results of the t-test (partial) show that tax planning does not have a significant effect on earnings management in manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange for the 2018-2022 period. An example of the scope of tax planning is to suspend the due date of tax payments in a certain period. Companies can avoid the accumulation of tax liabilities and allocate resources more efficiently by deferring payments. This can improve the company's performance by maximizing cash flow and liquidity. However, this shows that the tax planning efforts carried out by the company do not have a significant impact on the earning management practices of these companies, in other words that the company does not utilize tax planning activities for the purpose of profit manipulation.

The results of the t-test (partial) show that deferred tax assets do not have a significant effect on earnings management in manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange for the 2018-2022 period. An example of a deferred tax asset is a temporary difference between the recorded value of an asset or liability and the basis for its taxation, such as allowances for work remuneration, reserves for receivables losses, and

depreciation of fixed assets that differ between accounting and taxation. These results show that the amount of deferred tax assets owned by the company is not a determining factor in management's decision to manipulate profits.

The results of the t-test (partial) test show that the deferred tax burden has a significant effect on earnings management in manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange for the 2018-2022 period. Examples of deferred tax expenses are the recognition of income that differs between accounting and taxation, expenses that are capitalized and amortized by different methods, and gains or losses from certain transactions that are recognized differently. This indicates that the amount of deferred tax burden owned by the company can influence management's decision to manipulate profits.

The results of the t-test (partial) test show that tax avoidance has a significant effect on earnings management in manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange for the 2018-2022 period. Tax avoidance is a legal tax avoidance practice by taking advantage of loopholes in tax regulations. Examples of tax avoidance include taking advantage of tax incentives, conducting transfer pricing, moving profits to countries with lower tax rates, and using complex transaction schemes to legally reduce taxes owed. This indicates that tax avoidance efforts carried out by companies can influence management's decision to manipulate profits.

Companies should continue to implement effective and ethical tax planning strategies. Management can consider providing clearer incentives or guidance regarding tax planning practices that can increase efficiency without encouraging profit manipulation. Companies should ensure that the management of deferred tax assets is carried out in a transparent manner and in accordance with applicable accounting principles. Management needs to pay attention to the proper management of temporary differences to avoid potential problems in financial reporting and ensure accurate and honest information to stakeholders. Further research is suggested to expand the scope of research and other variables that have the potential to affect earning management. Further research is also recommended to extend the observation year because this is necessary to increase the accuracy of the results obtained in the future, so that the results obtained are maximized.

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