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The effect of deferred tax expense, managerial ownership, and tax planning on profit management

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ABSTRACT

Abstract — This study aims to prove empirically the effect of deferred tax expense, managerial ownership, and tax planning on earnings management. This research was conducted in a manufacturing company in the consumer goods industry sector. The type of research used is quantitative with associative method. The type of data used is secondary data in the form of annual financial reports published on the Indonesia Stock Exchange (IDX) for the 2016–2020 period. Samples were collected using purposive sampling method. The number of companies that were used as research samples were 10 companies with a research period of 5 (five) years in order to obtain as many as 50 observational data. The data was processed using the Eviews 9 Statistical Program to test the hypothesis using panel data regression analysis. The results of the F statistical test of deferred tax expense, managerial ownership and tax planning simultaneously have an effect on earnings management. The results of the t-statistical test of deferred tax expense have a positive effect on earnings management and managerial ownership has a negative effect on earnings management, but tax planning has no effect on earnings management.

Keywords : Deferred Tax Expense, Managerial Ownership, Tax Planning, Earnings Management

1. INTRODUCTION

Tax is one of the sources of state revenue, one of the largest tax sectors that is obtained by the state is income tax. For income tax accounting, every company in Indonesia in preparing financial reports is required to follow the rules of financial accounting standard statements (PSAK) in order to produce credible and informative financial reports for investors and creditors. Therefore companies are also required to prepare income statements based on tax regulations. Temporary differences between accounting profit and taxable profit through fiscal reconciliation give rise to deferred tax expense.

The deferred tax expense causes the level of profit earned to decrease thereby reducing the amount of tax paid. This becomes a loophole for managers in managing earnings by manipulating the amount of net profit so as to minimize the amount of tax to be paid by the company. One of the parameters used to measure and assess the performance of a company is profit information Yulia and Fitri (2020). Profit information can assist owners and investors in estimating the strength of earnings to assess investment and credit risk. Profit has a close relationship with taxes because the amount of tax paid is determined by the amount of profit received by the company, so that increased profits will result in the amount of tax paid. Therefore, managers often take advantage of opportunities to manipulate profit figures. Earnings management actions carried out by the management of a company can reduce the quality of the financial statements themselves, the financial statements must be presented based on actual conditions.

Presentation of financial reports that are in accordance with actual real conditions will further minimize errors in their use in decision making. With the decline in company performance due to the Covid-19 pandemic, financial reports must be presented properly, even though the reality is bitter. So that it can indirectly reduce the profit earned in the current period profit which will be reported in the financial statements. The existence of a decrease in profits allows the company's management to carry out earnings management actions.

To support the government's program to break the chain of transmission of Covid-19, PT Sentra Food Indonesia Tbk (FOOD) has implemented operational restrictions that last between one month and three months. The company in its press release in Jakarta yesterday explained that operations are still running by reducing the number of personnel present at the office as much as possible and implementing the recommended health protocol according to recommendations related to Covid-19. So with these operational restrictions, of course it will have an impact on the sales performance of this fresh and processed meat producer issuer. Reflecting on 2019, these operational activities can contribute 25% to 50% of FOOD's consolidated revenue. FOOD revenue was recorded at IDR 126.26 billion throughout 2019. Furthermore, FOOD management predicts that this operational restriction will reduce FOOD revenue by less than 25% during the first quarter of 2020. Meanwhile, the profit or loss post is projected to be corrected between 25% and 50%. Just so you know, in the first quarter of 2019, FOOD pocketed revenue of up to IDR 26.65 billion. On the other hand, profit before pro forma adjustment attributable to owners of the parent entity was recorded at Rp 264.56 million.

Apart from having an impact on income and profit and loss accounts, the Covid-19 pandemic has also affected the fulfillment of the principal FOOD debt obligations of around IDR 2.75 billion. As for the condition of employees, FOOD management acknowledged that up to now there were 224 employees who were affected, but the status was not laid off or employees laid off. Coping with the impact of the Covid-19 pandemic, FOOD is pursuing a more aggressive market penetration process. FOOD is also developing partnership programs to develop new markets.

FOOD parties continue to issue new products and carry out new marketing patterns and methods to reach consumers directly and more broadly. For example, by developing sales online. The company also emphasized that it was not left behind, tightening measures and cost efficiency were also carried out. Meanwhile, the Main Director of Sentra Food Indonesia, August Sani Nugroho, as quoted by Kontan, once said that the company plans to maximize sales to the retail market segment this year. This was done in an effort to offset the sluggish demand for the hotel, restaurant and cafe (horeka) market segment.

He conveyed, the demand for the horeka consumer segment in the first four months fell quite sharply when compared to the same period last year. One of the biggest challenges comes from the corona pandemic (Covid-19), which has hit the hospitality sector's business activities. This condition has exacerbated consumer demand in the horeka segment, which was originally there h sluggish due to the high intensity of rain at the beginning of the year.

Demand from the retail consumer segment, although experiencing a decline, tends to show a relatively lower decline compared to the decline that occurred in the hospitality segment. Therefore, the decision to maximize sales to the retail segment is seen as a strategic choice. To smooth this plan, FOOD has prepared several strategies. One of them is by encouraging sales online through the marketplace. Currently, the products of FOOD's subsidiary, namely PT Kemang Food Industries (Kemfood) are available in several marketplaces such as Tokopedia, Bukalapak, and Shopee.

Badruzaman (2010) in Utari and Sari (2016) defines earnings management as a method adopted by management in managing the company through the selection of certain accounting policies with the aim of increasing net income and company value according to management expectations. Earnings management is thought to appear and be carried out by managers or preparers of financial statements in the process of financial reporting of a company because they expect a benefit from this action. Several previous studies used total accruals as a proxy for earnings management (Kurniawati, 2009) in Utari and Sari (2016). Total accruals consist of discretionary accruals (under management policy) and non-discretionary accruals (not under management policy). Discretionary accruals are components of accruals that come from earnings management performed by managers, while non-discretionary accruals are components of accruals that occur in line with changes in company activities.

The emergence of an opportunity for management to turn around a profit fact arises because of inherent weaknesses in accounting and there is more information owned by managers compared to outsiders. The inherent weakness in accounting according to Worthy (1984) in Setiawati and Na'im (2000) in Utari and Sari (2016) is the flexibility of calculating profit figures. Earnings management is considered not to violate generally accepted accounting rules and principles. However, earnings management practices can erode investor confidence in the quality of financial reporting and reduce the reliability of earnings because reported earnings are biased and cause errors in depicting actual earnings (Fatmawati, 2013) in Dimarcia and Krisnadewi (2016).

Purnamaningtyas' research (2010) in Dimarcia and Krisnadewi (2016) revealed that earnings management is actually found in multi-segment companies. This occurs because cash flows and information about the company are controlled by managers, which causes external parties to tend to be deceived because the consolidated financial statements convey less relevant financial information. Earnings management arises as a result of agency problems where there is a misalignment of personal interests between owners and managers. Practice Earnings management practices can be influenced by many factors including deferred tax expense, managerial ownership, and tax planning on earnings management. Earnings management is an action that is deliberately carried out by management that leads to the desired level of profit. Earnings management can be carried out by companies by increasing profits or decreasing profits in accordance with the motivation or purpose of the company doing earnings management.

To suppress earnings management, managerial ownership is indicated to reduce the occurrence of earnings management. Earnings management is a condition in which management intervenes in the process of preparing financial reports for external parties so that they can level, increase and decrease profits. This study aims to determine the effect of tax planning, managerial ownership, and deferred tax expense on earnings management practices.

Earnings management can be influenced by several factors, including deferred tax expense. Deferred tax expense is a tax whose recognition is deferred or postponed in anticipation of the consequences of an income tax debt, whether arising in the present or in the future. The concept of deferred tax has a background of differences in the standard timing of recognition in tax imposition due to tax planning. Temporary differences between accounting profit and taxable profit give rise to deferred tax expense. The existence of these differences is one of the factors for managers to carry out earnings management and manipulate profits to be higher. Temporary differences are differences between the carrying amount of assets or liabilities and the tax base (DPP) of said assets or liabilities. The time difference occurs because there are differences in the recognition of the amount of time in commercial accounting compared to fiscal terms. The difference from the difference in recognition between commercial accounting profit and fiscal accounting will result in a deferred tax asset while a negative correction will result in a deferred tax expense.

The next variable that affects earnings management is managerial ownership. Managerial ownership is the amount of share ownership held by managers. Earnings management is largely determined by the motivation of company managers. Different motivations will produce different amounts of earnings management, such as between different managers who are also shareholders and managers who are not shareholders. These two things will affect earnings management, because the ownership of a manager will also determine the policies and decision making regarding the accounting methods applied to the companies they manage.

The third variable in this study that affects earnings management is tax planning. Tax planning is the first step in managing earnings. In general, tax planning serves to minimize tax obligations. Tax planning aims to engineer the tax burden so that it can be kept as low as possible by utilizing existing regulations. Tax planning is part of tax management and is the first step in conducting tax management. Tax planning is a method used by company management (taxpayers) in conducting income tax management within the framework of not violating applicable tax regulations. The government wants companies to pay taxes as much as possible because taxes are a source of state revenue in addition to other sources of revenue, namely oil and non-oil.

The results of research from Fatahul Rahman, Nyoria Angraeni Mersa (2020) state that deferred tax expense has a positive and insignificant effect on earnings management. Research results from Ach. Ilyas Faqih, Erna Sulistyowati (2021) states that there is an effect of deferred tax expense on earnings management. Meanwhile research from Novi Catur Prasetyo, Riana, Endang Masitoh (2019) states otherwise that deferred tax expenses do not affect earnings management. The results of research from Titi Andrayani, Fitriasuri, M. Titan Terzaghi (2018) state that managerial ownership has a negative and insignificant effect on earnings management practices. Research results from Inne Aryanti, Farida Titik Kristanti, Hendratno (2017) states that managerial ownership has a significant effect in a negative direction. Meanwhile, the results of research from Ni Luh Floriani Ria Dimarcia, Komang Ayu Krisnadewi (2016) state that managerial ownership has a negative effect on earnings management.

The results of research from Yuliza & Fitri (2020) state that tax planning affects earnings management practices. The results of research by Paramita & Kinasih (2021) state that tax planning affects earnings management practices. While the results of research from Kurnia (2019) state otherwise that tax planning has no effect on earnings management. Based on the theoretical description and previous research above, this study takes the title effect of deferred tax expense, managerial ownership, and tax planning on earnings management consumer goods sector manufacturing companies listed on the Indonesia Stock Exchange in 2016-2020).

2. RESEARCH METHOD

This type of research uses quantitative research with secondary data. Quantitative research is a type of field research or data collection for in-depth analysis. The data obtained from the research population sample were analyzed according to the statistical method used and then interpreted (Sugiyono, 2019), while the research method used was associative quantitative, which is a study that aims to determine the relationship between two or more variables, so a theory can be built that serves to explain, predict and control a symptom or phenomenon (Sugiyono, 2019).

The data used in this research is secondary data. Secondary data is data obtained indirectly, but through intermediary media (obtained and recorded by other parties). The data collection method used is the collection of data obtained through the official website. Indonesia stock exchange. The Indonesia Stock Exchange is located at Building Stock Exchanges Tower 2, Jl. Jenderal Sudirman kav.52-53, South Jakarta. The data source comes from the website of the Indonesia Stock Exchange (IDX) via http://www.idx.co.id, namely annual financial reports issued by companies on the Indonesia Stock Exchange (IDX).

According to Herlambang (2015) in Turnip et al (2016) explains that earnings management is a factor that can reduce the credibility of financial statements, and can interfere with users of financial statements in believing the numbers in the financial statements. There are various techniques used in earnings management practices, including changing accounting methods, taking advantage of opportunities in making accounting estimates, and shifting periods of costs or income. Earnings management can be measured by:

$$Scaled\ Earning\ Changes\ It = \frac{Net\ Income\ it - Net\ Income\ i\ (t-1)}{Market\ Value\ of\ Equity\ i(t-1)}$$

Information:

Net income it	:	The company's net profit in year t
Net income (t-1)	:	The company's net profit in the previous year
MVEi(t-1)	:	The stock market price in the previous year

According to Waluyo (2014) in Prasetyo et al (2019), deferred tax is the amount of income tax that is recovered in future periods as a result of temporary differences that may be deducted from the remaining losses that can be compensated for. The recognition of deferred tax has an impact on reduced net profit or loss due to the possibility of recognizing deferred tax expense or deferred tax benefits. The independent variable measurement of deferred tax expense (X1) applies the formula, namely (Phillips, et al., 2003):

$$\mathbf{DTE_{it}} = \frac{\textbf{Deferred Tax Expenses}_{\mathbf{it}}}{\textbf{Total Assets}_{\mathbf{i(t-1)}}}$$

Managerial ownership is the shares owned by managers and directors of the company. With managerial ownership, the company is expected to increase the value of the company so that potential financial difficulties can be avoided. This ownership will align the interests of management and shareholders, because with the large number of shares owned, management is expected to act more carefully in making decisions (Irfana and Muid, 2012).

$$\text{Managerial Ownership} = \frac{\text{number of management shares}}{\text{Number of shares outstanding}}$$

According to Chairil Anwar (2013) in Yuliza and Fitri (2020) tax planning is a series of strategies to regulate company accounting and finance to minimize tax obligations in ways that do not violate tax regulations to reduce tax obligations in such a way that the tax debt, both income tax and other taxes are in a minimal amount as long as it does not violate the law.

$$ETR = \frac{Net\ Income\ it}{Earning\ Before\ Tax\ (EBT)}$$

ETR : Earning tax rate
Net income it : Net profit in year t
EBT : Profit before tax

The sample used in this research is a manufacturing company in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) for 2016 – 2020 which was taken using purposive sampling which is a sampling technique with certain criteria (Sugiyono, 2019). the criteria in this study include the following:

1. Manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange
2. Manufacturing companies in the consumer goods industry sector that publish complete annual financial reports for 2016 – 2020 and do not experience delisting
3. Companies that have complete data related to managerial ownership variables
4. Manufacturing companies in the consumer goods industry sector that experienced profits in 2016 – 2020.

The data analysis technique in this study used statistical calculations, namely the Eviews 9 program. After the data was collected, the next step was to conduct data analysis consisting of descriptive analysis tests, model selection, classical assumption tests, coefficient of determination, panel data regression and hypothesis testing.

3. RESULTS AND DISCUSSION

A. Descriptive Statistical Analysis

Descriptive statistical analysis used in this study includes the minimum value, maximum value, mean (average), standard deviation and number of samples. The results of the descriptive statistical analysis can be seen as follows:

Table 1. Descriptive Statistical Analysis

	LABA	BPT	MOWN	ETR
Mean	0.008077	0.002707	0.121673	0.288170
Maximum	0.411528	0.010783	0.481726	1.104054
Minimum	-0.082028	0.000148	0.000157	0.159032
Std. Dev.	0.065394	0.002404	0.161986	0.172862
Observations	50	50	50	50

Source: Eviews Processed Data 9, 2022

B. Regression Model Estimation

The estimation of the panel data regression model in this study was carried out using 3 (three) models, namely the Common Effect Model (CEM), Fixed Effect Model (FEM) and Random Effect Model (REM). The selection of the model depends on the assumptions used by the researcher and the fulfillment of the requirements for processing statistical data correctly so that they can be statistically accounted for. Panel data regression using the Common Effect Model (CEM) and Fixed Effect Model (FEM) can be seen as follows:

Table 2. Common Effect Model (CEM) Regression Results

Dependent Variable: LABA				
Method: Panel Least Squares				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.003883	0.007479	-0.519202	0.6061
BPT	1.599318	0.793263	2.016125	0.0496
MOWN	-0.375936	0.088784	-4.234268	0.0001
ETR	0.001612	0.009408	0.171388	0.8647
R-squared	0.449583	Mean dependent var		0.008077
Adjusted R-squared	0.413686	S.D. dependent var		0.065394
S.E. of regression	0.050073	Akaike info criterion		-3.074057
Sum squared resid	0.115335	Schwarz criterion		2.921095
Log likelihood	80.85142	Hannan-Quinn criter.		-3.015808
F-statistic	12.52435	Durbin-Watson stat		1.635359
Prob (F-statistic)	0.000004			

Source: Eviews Processed Data 9, 2022

Based on the regression results using the Common Effect Model (CEM) in table 2, the regression equation is as follows:

LABA = -0.003883 +1.599318. BPT - 0.375936. MOWN + 0.001612. ETR

Table 3. Fixed Effect Model (FEM) Regression Results

Dependent Variable: LABA

Method: Panel Least Squares				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.001226	0.001346	-0.910957	0.3682
BPT	0.382480	0.168891	2.264653	0.0295
MOWN	-0.045117	0.010255	-4.399490	0.0001
ETR	0.000481	0.002289	0.210264	0.8346
		Effects Specification		
		Cross-section fixed (dummy variables)		
R-squared	0.550146	Mean dependent var		0.000808
Adjusted R-squared	0.404247	S.D. dependent var		0.006539
S.E. of regression	0.005047	Akaike info criterion		-7.520980
Sum squared resid	0.000943	Schwarz criterion		-7.023854
Log likelihood	201.0245	Hannan-Quinn criter.		-7.331671
F-statistic	3.770742	Durbin-Watson stat		1.955111
Prob (F-statistic)	0.000909			

Source: Eviews Processed Data 9, 2022

Based on the regression results using the Fixed Effect Model (FEM) in table 3, the regression equation is as follows:

$$\mathbf{LABA = -0.003883 + 1.599318.\ BPT - 0.375936.\ MOWN + 0.001612.\ ETR}$$

Table 4. Random Effect Model (REM) Regression Results

Dependent Variable: LABA

Method: Panel Least Squares				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.000388	0.001628	-0.238530	0.8125
BPT	0.159932	0.302123	0.529360	0.5991
MOWN	-0.037594	0.006335	-5.934423	0.0000
ETR	0.000161	0.004301	0.037494	0.9703
		Effects Specification		
			S.D.	Rho
Cross-section random			0.000000	0.0000
Idiosyncratic random			0.005047	1.0000
R-squared	0.550146	Mean dependent var		0.000808
Adjusted R-squared	0.404247	S.D. dependent var		0.006539
S.E. of regression	0.005047	Akaike info criterion		-7.520980
Sum squared resid	0.000943	Schwarz criterion		-7.023854
Log likelihood	201.0245	Hannan-Quinn criter.		-7.331671
F-statistic	3.770742	Durbin-Watson stat		1.955111
Prob (F-statistic)	0.000909			

Source: Eviews Processed Data 9, 2022

Based on the regression results using the Random Effect Model (REM) in table 4, the regression equation is as follows:

$$\boldsymbol{LABA = -0.000388 + 0.159932.\ BPT - 0.037594.\ MOWN + 0.000161.\ ETR}$$

C. Regression Model Selection

1. Chow test

The Chow test is a test conducted to find out whether the regression technique with the Fixed Effect Model (FEM) is better than the regression model with the Common Effect Model (CEM).

Table 5. Chow Test Results

Redundant Fixed Effects Tests			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section Chi-square	10.087634	9	0.3434

Source: Eviews Processed Data 9, 2022

Based on the results of the Chow test in table 5, it can be seen that the probability value of the chi-square cross section is 0.3434, which is greater than 0.05 so that it can be said that H0 is accepted and H1 is rejected, therefore the model chosen is the Common Effect Model (CEM).

2. Hausman's test

The Hausman test was conducted to compare or select the best model between the Fixed Effect Model (FEM) and the Random Effect Model (REM) which will be used to perform panel data regression.

Table 6. Hausman Test Results

Correlated Random Effects - Hausman Test			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.426450	3	0.1431

Source: Eviews Processed Data 9, 2022

Based on the results of the Hausman test in table 6, it can be seen that the random cross-section probability value is 0.1431 greater than 0.05, which means that H0 is accepted and H1 is rejected, so the selected model is the Random Effect Model (REM).

3. Lagrange Multiplier Test

The Lagrange Multiplier test was conducted to compare or select the best model between the Random Effect Model (REM) and the Common Effect Model (CEM) to be used to perform panel data regression.

Table 7. Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects			
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided			
	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	(0.5499)	(0.6317)	(0.4435)

Source: Eviews Processed Data 9, 2022

Based on the results of the Lagrange Multiplier test in table 7. it can be seen that the probability of the Breusch Pagan cross section is 0.5499 greater than 0.05 which means that H0 is accepted so that the Common Effect Model (CEM) is selected.

D. Classic Assumption Test

The classic assumption test is a data test used to find out whether the research data meets the requirements for further analysis, in order to answer the research hypothesis. This classic assumption test uses 4 (four) tests, namely the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test whose results can be explained as follows:

1. Normality Test

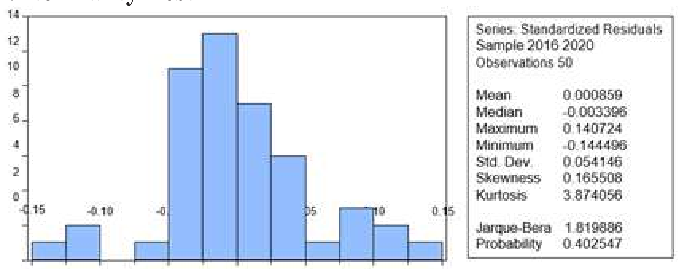

Figure 1. Normality Test Results

Based on the results of the normality test using the jarque-bera (JB) in Figure 1. it can be seen that the probability value is 0.402547 greater than 0.05 so it can be concluded that this study is normally distributed.

2. Multicollinearity Test

Table 8. Multicollinearity Test Results

	BPT	MOWN	ETR
BPT	1.000000	-0.351532	0.096996
MOWN	-0.351532	1.000000	-0.153328
ETR	0.096996	-0.153328	1.000000

Source: Eviews Processed Data 9, 2022

Based on the results of the multicollinearity test in table 4.10, it can be seen that each independent variable, namely deferred tax expense, managerial ownership, and tax planning, produces a correlation value of less than 0.90, so it can be concluded that in this study there is no multicollinearity problem.

3. Heteroscedasticity Test

Table 9. Heteroscedasticity Test Results

Dependent Variable: ABSRES

Method: Panel Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BPT	-0.529477	3.420323	-0.154803	0.8777
MOWN	0.005866	0.003498	1.677022	0.1003
ETR	-0.010819	0.047040	-0.230004	0.8191

Source: Eviews Processed Data 9, 2022

Based on the results of the heteroscedasticity test in table 9, it can be seen that the probability of each independent variable is greater than 0.05 so it can be concluded that in this study there was no heteroscedasticity problem.

4. Autocorrelation Test

Table 10. Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	2.917349	Prob. F(2,44)	0.0646
Obs*R-squared	5.854051	Prob. Chi-Square(2)	0.0536

Source: Eviews Processed Data 9, 2022

Based on the autocorrelation results in table 10, it can be seen that the Chi Square probability of 0.0536 is greater than 0.05 so that it can be said that this study has no autocorrelation problems.

E. Panel Data Regression Analysis

Table 11. Panel Data Regression Analysis Results

Dependent Variable: LABA

Method: Panel Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.003883	0.007479	-0.519202	0.6061
BPT	1.599318	0.793263	2.016125	0.0496
MOWN	-0.375936	0.088784	-4.234268	0.0001
ETR	0.001612	0.009408	0.171388	0.8647

Source: Eviews Processed Data 9, 2022

Based on the regression results using the Common Effect Model (CEM) in table 11, the regression equation is as follows:

$$\textbf{LABA} = -0.003883 + 1.599318.\ \textbf{BPT} - 0.375936.\ \textbf{MOWN} + 0.001612.\ \textbf{ETR}$$

The constant coefficient value is negative by 0.003883 meaning that if deferred tax expense, managerial ownership, and tax planning are considered constant, then the amount of earnings management activity is -0003883. The coefficient value of deferred tax expense is 1.599318 and is positive, this shows that for each additional deferred tax expense by one unit, the company's earnings management activity will increase by 1.599318. The managerial ownership coefficient is 0.375936 and is negative, this shows that for each additional managerial ownership of one unit, the company's earnings management activity will decrease by 0.375936. The value of the tax planning coefficient is 0.001612 and is positive, this shows that for each addition of one unit of tax planning, the company's earnings management activity will increase by 0.001612.

Based on the results of the t statistical test obtained from table 11, namely the test is carried out partially to test the effect of each independent variable. To find ttable, namely by looking at the number of sample data as many as 50, the t statistical test is carried out by comparing tcount with ttable with a probability of 5% or 0.05 with degrees of freedom df2 = n-k-1, namely 50-3-1 = 46 where n is the number of samples and k is the number of independent variables. From this test, the results of the ttable were 2.01290. From the results of the t statistical test it can be explained as follows:

a. Effect Of Deferred Tax Expense On Earnings Management

Based on the results of the t statistical test in table 4.16, the probability of the deferred tax expense variable is 0.0496 <0.05 and the tcount results are 2.016125 and are positive, while the ttable is 2.01290. From these results it means that tcount > ttable is 2.016125 > 2.01290 so that it can be concluded that H0 is rejected and H2 is accepted, meaning that partially deferred tax expense has a positive and significant effect on earnings management.

The results of this study prove that there is a positive and significant effect of deferred tax expense on earnings management, which means it is increasing a high deferred tax burden will increase the potential for earnings management activities thereby supporting the agency theory which states that management will try to make the company's performance look good in front of the owner. This can usually be seen from the amount of deferred tax owned by the company. In principle, deferred tax is the impact of future income tax caused by temporary differences (time) between accounting treatment and taxation as well as tax losses that can still be compensated for in the future presented in the financial statements in a certain period (Priyono & Cahyani, 2021).

Deferred tax expense arises from temporary differences which result in a negative conversion and results in profits based on commercial accounting, the profit figures show a higher figure than taxable profits based on tax provisions. This is due to the financial accounting parameters where there is freedom in terms of preparing financial reports by management, namely by making provisions on principles and various accounting assumptions compared to accounting rules that are in accordance with tax provisions.

There are things that are different from profit according to commercial accounting with taxable profit which can show management discretion with the amount reflected as in deferred tax expense which shows the application of liberal accounting parameters and indicates more and more assumptions that can affect the amount of profit according to accounting presented. The use of this assumption is a form of earnings management by the company, that the higher the value of the deferred tax expense presented by the company shows an indication that the company or company is practicing earnings management.

There are things that are different from taxable profit and commercial accounting can show management discretion, in which the size of the company's management discretion can be contemplated in the amount of deferred tax expense presented by the company in that period so that it supports research (Damayanti & Prastiani, 2021) and (Priyono & Cahyani, 2021) that deferred tax expense has a positive and significant effect on earnings management, but different research (Yulianti & Finatariani, 2021) states that deferred tax expense has no effect on earnings management.

b. The Effect Of Managerial Ownership On Earnings Management

Based on the results of the t statistical test in table 4.16, the probability of managerial ownership variable is 0.0001 <0.05 and the tcount is 4.234268 and is negative, while the ttable is 2.01290. From these results it means that tcount > ttable is 4.234268 > 2.01290 so it can be concluded that H0 is rejected and H3 is accepted, meaning that partially managerial ownership has a negative and significant effect on earnings management.

The results of this study prove that there is a negative and significant effect on earnings management, which means that that the higher the proportion of managerial ownership, the less earnings management activity will be, thus supporting the agency theory that by increasing ownership Managerial management will unite the interests of managers and shareholders thereby eliminating opportunistic actions for certain groups. When a company has high managerial ownership, the management will certainly feel that they are part of the company so they will think twice about doing earnings management which will have the potential to harm themselves and the company (Gunarto & Riswandari, 2019).

Shareholders which also means in this case as owners in the company from the management who actively participate in decision making in a company concerned. Managers in this case play an important role because management carries out planning, organizing, directing, supervising and decision making so that earnings management activities can be reduced and information about the actual condition of the company becomes a signal for shareholders thereby supporting research (Gunarto & Riswandari, 2019) and (Arfiana et al, 2021) that managerial ownership has a negative effect on earnings management, but it is different from research (Priyono & Cahyani, 2021) that managerial ownership has no effect on earnings management.

c. Effect of tax planning on earnings management

Based on the results of the t statistical test in table 4.16, the probability of the tax planning variable is 0.8647 > 0.05 and the tcount results are 0.171388 and are positive, while the ttable is 2.01290. From these results it means that tcount < ttable is 0.171388 < 2.01290 so that it can be concluded that H0 is accepted and H4 is rejected, meaning that partially tax planning has no effect on earnings management.

The results of this study prove that there is no effect of tax planning on earnings management, which means that high or low tax planning by companies does not make companies carry out earnings management activities but supports agency theory because several parties in a company have different interests, such as company owners who have an interest in capital growth. invested, management has an interest in the bonuses they will get, and also the government has an interest in the amount of tax that will be collected (Putri & Kadarusman, 2021).

Tax planning is carried out to make profits smaller so that the tax burden paid by the company is also small, while earnings management is carried out by management to maximize the amount of profit so that the bonuses it gets get bigger. The majority of manufacturing companies have many departments in their economic activities, resulting in the management of each department wanting to prosper themselves in terms of obtaining rewards or bonuses if they provide good performance. Management practices earnings management for the self-interest of management itself, not because of tax planning which is in the interest of the principal or the owner of the company. Tax planning is carried out because company owners expect a large dividend value, by minimizing the costs incurred by the company so that it supports research (Aditya et al, 2021) and (Priyono & Cahyani, 2021) that planning does not affect earnings management, but it is different from research (Faqih & Sulistyowati, 2021) that tax planning has a positive and significant effect on earnings management.

The F statistical test or the simultaneous regression coefficient test according to Ghozali (2017) is used to determine whether the independent variables simultaneously affect the dependent variable. The results of the F statistical test are as follows:

Table 12. Statistical Test Results F

R-squared	0.449583	Mean dependent var	0.008077
Adjusted R-squared	0.413686	S.D. dependent var	0.065394
S.E. of regression	0.050073	Akaike info criterion	-3.074057
Sum squared resid	0.115335	Schwarz criterion	-2.921095
Log likelihood	80.85142	Hannan-Quinn criter.	-3.015808
F-statistic	12.52435	Durbin-Watson stat	1.635359
Prob(F-statistic)	0.000004		

Source: Eviews Processed Data 9, 2022

Based on the results of the F statistical test in table 12, it can be seen that the Fcount is 12.52435 and the probability value is 0.000004. Whereas to find Ftable with the number of observation data (n) = 50 and the number of variables (k) = 3. Ftable can be seen in the F distribution table with a probability level of 0.05 so that the Ftable is 2.79. Based on the Ftable value obtained, it can be concluded that deferred tax expense, managerial ownership, and tax planning simultaneously affect firm value with the results of testing Fcount > Ftable (12.52435 > 2.79) and the probability value is less than 0.05 (0.000004 <0.05).

The increase in deferred tax liability is consistent with companies recognizing revenue earlier or deferring expenses for commercial financial reporting purposes in the period than for tax reporting purposes. The company's actions to recognize revenue earlier and defer expenses indicate that management is managing earnings on commercial financial statements. The higher the practice of earnings management, the higher the deferred tax liability recognized by the company as a deferred tax expense. Deferred tax expense provides information about current and future income (for example, earnings persistence and future growth) and potentially indicates earnings management (Damayanti & Prastiani, 2021).

Earnings management is an attempt by company managers to influence information in financial reports with the aim of tricking stakeholders who want to know the company's performance and condition. Earnings management is an intervention in the process of external financial reporting with the aim of obtaining personal gains. Earnings management according to agency theory occurs when managers use judgment in financial reporting and in the transaction structure to change financial reports to mislead shareholders about the company's economic performance or influence the consequences of agreements related to the figures reported in the financial statements, in the case of this is managerial ownership carrying out planning, organizing, directing, supervising and decision-making so that earnings management activities can be reduced and information about the actual condition of the company (Gunarto & Riswandari, 2019).

The higher the level of effectiveness of tax planning by a company or company, the higher the indication of the company or company doing earnings management. One of the focus points of the company's attention is taxes because their value is quite large in proportion to the profits generated by the company. Thus, companies carry out tax planning with the intention of limiting tax rates in order to maximize profit after tax so that companies or companies can practice profit management according to their motivation or goals by carrying out effective tax planning which can maximize net profit (Faqih & Sulistyowati, 2021).

4. CONCLUSION

This study investigates the influence of deferred tax expense, managerial ownership, and tax planning on earnings management in manufacturing companies within the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) from 2016 to 2020. The results reveal that deferred tax expense, managerial ownership, and tax planning collectively impact earnings management, supporting the first hypothesis. Furthermore, deferred tax expense positively and significantly affects firm value, while managerial ownership negatively and significantly influences earnings management, thus accepting the second and third hypotheses, respectively. However, tax planning shows no effect on earnings management, leading to the rejection of the fourth hypothesis. Based on these conclusions, researchers recommend further investigation into earnings management, with future studies aiming to produce higher quality results by considering additional or alternative variables such as financial performance, fixed asset intensity, and company growth. Expanding the research scope beyond a single industry and extending the study period for increased consistency are also suggested for subsequent research endeavors.

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