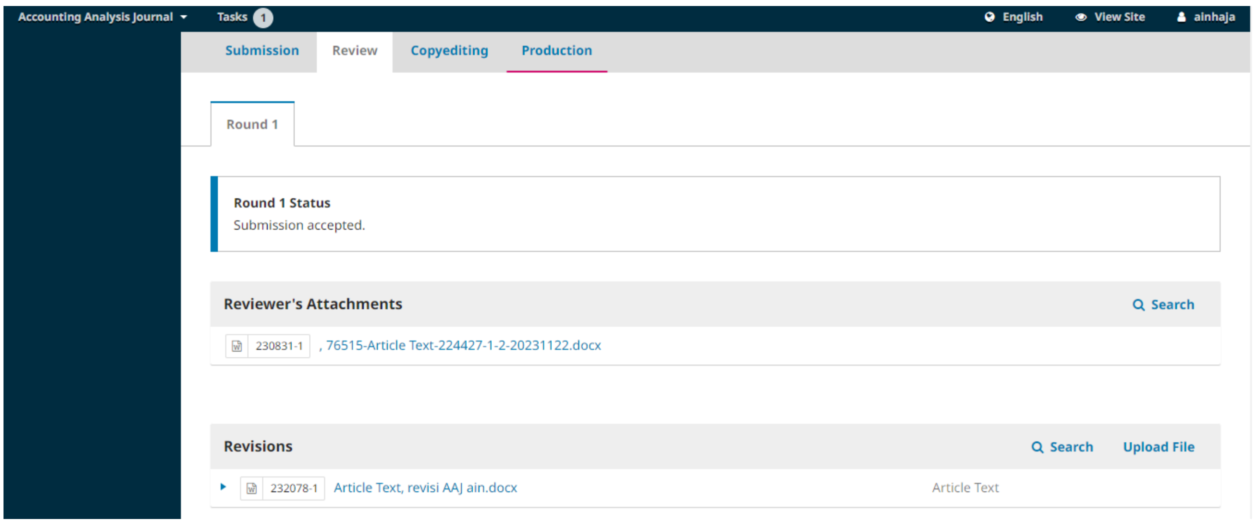
Korespondensi artikel AAJ



Korespondensi artikel AAJ

Accounting Analysis Journal ▾ Tasks 1 English View Site ainhaja

AAJ

Submission Library View Metadata

Submissions

The Real Earnings Management and Tax Aggressiveness in Indonesia

Ain Hajawiyah, Anugrah Rinata Perdana, Indah Fajarini Sri Wahyuningrum

Submission | Review | Copyediting | Production

Production Discussions Add discussion

Name	From	Last Reply	Replies	Closed
No Items				

Galleys

▸ PDF

The Real Earnings Management and Tax Aggressiveness in Indonesia

Abstract

Purpose: This research aimed to examine the effect of real earnings management on tax aggressiveness.
Method: This study used a quantitative approach utilizing secondary data from the manufacturing companies listed on the Indonesia Stock Exchange from 2019 to 2021. The sampling technique used is the purposive sampling method, and the analysis technique utilized multiple linear regression using SPSS 25 software.
Findings: The findings of this study indicate that real earnings management significantly negatively affected tax aggressiveness. Variable control profitability significantly positively affected tax aggressiveness. Whereas variable control leverage does not affect tax aggressiveness. Moreover, variable size significantly positively affected tax aggressiveness.
Novelty: Unlike previous research, earnings management in this study is used as a real earnings management variable considered effective in a company.

Keywords: real earnings management, tax aggressiveness.

Author
Abstracts have a word count of 150 - 200
Reply

INTRODUCTION

One of the largest sources of state revenue used to support state spending and development is taxes. Based on Tax Law Number 28 of 2007, article 1, paragraph 1, tax is a mandatory contribution to the state owed by individuals or entities that are coercive based on the law, with no direct compensation, and used for state purposes for the greatest prosperity of the people.

According to Frank & Rego (2009), tax aggressiveness is an activity or action that aims to reduce taxable profits through tax planning, either legally (tax avoidance) or illegally (tax evasion). In other words, tax aggressiveness is a way companies take by minimizing their taxable profits to minimize their tax liabilities.

Author
The minimum word count for the entire manuscript is 6500 words, please adjust
Reply

trade-off between reporting aggressive decisions and tax aggressiveness where both cannot be done simultaneously. The results of research by Frederica & Trisnawati (2022) and April et al (2017) show that real earnings management does not affect tax aggressiveness. This happens because real earnings management does not aim to minimize the tax burden.

Real earnings management is used to manipulate a company's operating activities to capture real influence better than accrual earnings management. In addition, real earnings management attracts less attention from *auditors* and *regulators* than accrual earnings management. Based on the research gap described above, it is necessary to review the effect of real earnings management on tax aggressiveness. This research takes the object of manufacturing companies listed on the Indonesia Stock Exchange in 2019-2021.

Real earnings management is a manipulation done by management through the company's daily activities during the accounting period. These activities include sales, discretionary expenses, and production costs. This activity can motivate managers to trick *stakeholders* who want to know the performance and condition of the company (Roychowdhury, 2006). The manager conducts real earnings management to show that the manager's performance is good and has achieved the targeted profit. This is per positive accounting theory, especially the *bonus plan* hypothesis. The *bonus plan* hypothesis explains that to motivate managers to produce increased performance, shareholders offer bonuses to managers with good performance.

Author
Before entering into hypothesis development, the author is asked to outline in general what theory will be used in developing the hypothesis
Reply

Author
Write explicitly the purpose of this research and its novelty
Reply

Korespondensi artikel AAJ

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ETR	135	-0.36	-0.14	-0.2424	0.04591
BRAKE	135	0.07	0.15	0.1112	0.01694
ROA	135	0.00	0.35	0.0822	0.05669
DAR	135	0.00	0.63	0.3099	0.15625
SIZE	135	25.97	32.40	28.5616	1.43037
Valid N (listwise)	135				

Source: *SPSS 25* output result

Author
The meanings of the numbers in this table can be explained to support the discussion
Reply

The Effect of Real Earnings Management on Tax Aggressiveness

Based on the t-test, real earnings management is proven to have a significant negative effect on tax aggressiveness. This is supported by the positive accounting theory of the bonus plan hypothesis, which explains that to motivate managers to produce continuously increasing performance, shareholders offer bonuses in the form of bonuses intended for managers who have good performance in accordance with applicable standards. The bonus plan theory is in line with the results of this research, namely that managers focus more on achieving predetermined profit targets and are less aggressive towards tax avoidance, which can damage the company's image.

This research's results align with Kaldonski & Jewartowski (2020). Based on the results, theory, and explanation, this provides evidence that the independent variable real earnings management has a negative effect on tax aggressiveness (H1 is accepted).

Author
Please, the author can explain more regarding the concept of real earnings management related to tax aggressiveness
Reply

success. High profitability shows the success of a company. High profitability shows that the profits/profits generated are also high. High profits cause companies to pay more taxes because the profits generated are directly proportional to the taxes that must be paid. The results of this research are in line with research by Sari et al. (2020). Based on theory, these results and explanations provide evidence that profitability positively affects tax aggressiveness (H2 is accepted).

The Effect of Leverage on Tax Aggressiveness

Author
Isn't it true that if it has a positive effect then the meaning is that when a company has increased profits it will make the company avoid taxes (aggressively)
Reply

between tax savings and the costs of financial difficulties in determining capital structure (Sulindawati et al., 2017). This research indicates that the manufacturing companies in the sample Research in determining company funding pays attention to the tax benefits of using debt. However, companies are careful in determining the capital structure that comes from debt by paying attention to the interest costs that must be paid later, resulting in the company's inability to achieve optimal profits. The results of this research are per the research results of Windaswari & Merkusiwati (2018). Based on theory, these results and explanations prove that the leverage variable does not affect tax aggressiveness (H3 is rejected).

Author
Is this section really separate or is there specific punctuation?
Reply

CONCLUSIONS

The results of the study concluded that real earnings management has a significant negative effect on *tax aggressiveness.* Profitability has a significant positive effect on *tax aggressiveness, and leverage* does not affect *tax aggressiveness.* The size of the company has a significant negative effect on *tax aggressiveness*

Author
Conclusions do not repeat research results
Reply