

## Analysis of the Reduction in Corporate Income Tax Rates and PSAK 46 on Earnings Management

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### Abstract

The government has set a policy of reducing the Corporate Income Tax rate a year earlier than the Omnibus Law to deal with the impact of the Covid-19 pandemic that has hit Indonesia since March 2020. However, the reduction in corporate income tax rates can motivate company management to carry out earnings management in order to save the tax burden. The implication of PSAK 46 is related to earnings management issues, namely that many company management take advantage of flexibility opportunities in preparing financial statements with an accrual approach in order to get bonuses for performance by minimizing the income tax burden. This study aims to examine differences in earnings management before and after the reduction in corporate income tax rates, differences in earnings management of potential winning companies and potential losers, and the effect of PSAK 46 on earnings management. The research method used is a quantitative research method using different tests and multiple linear regression analysis. The independent variable in this study consisted of a decrease in corporate income tax rates and PSAK 46. The dependent variable in this study was earnings management. The sample of this research is 57 companies from various sectors listed on the Indonesia Stock Exchange in 2019–2020. The results showed that there was a significant difference in Corporate Income Tax rates for winner companies and potential discretionary accruals companies. Corporate income has a significant difference, and current tax and deferred tax liabilities have a significant negative effect on earnings management, while deferred tax assets have no significant effect on earnings management.

### Keywords

corporate income tax rates;  
current taxes; deferred tax  
assets; deferred tax liabilities;  
Covid-19



## I. Introduction

The economic sector is one of the fields that is quite influential in national development to support the achievement of Indonesia's state goals (Ministry of Finance, 2019). To strengthen this economy, taxes are used as a means for the people to participate in increasing state revenues from the tax sector in line with increasing economic development and transactions in line with the development of information technology. Tax revenues from 2018-2021 have the highest proportion, reaching more than 70% when compared to non-tax state revenue sources (PNBP) and grant receipts. One of the Government's efforts to increase tax revenue is through the provision of tax incentives, including lowering tax rates. Based on

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a World Bank survey in The Global Investment Competitiveness Report 2019/2020, it shows that low tax rates are the top five important determinants of investment decisions in 2019. In the last 10 years, Corporate Income Tax rates have experienced a downward trend, both globally and regionally (DDTC News). , March 20, 2020).

The Corporate Income Tax rate in Indonesia can be lowered to close to the tariff range in several neighboring countries, so that it is equal and competitive with other countries in the region (Ministry of Finance, 2019). In addition, the policy of lowering the Corporate Income Tax rate is relatively fair because it applies to all corporate taxpayers when compared to tax incentives that are only given to certain taxpayers. The policy for reducing the Corporate Income Tax rate in the Tax Omnibus Law was originally going to apply gradually starting from 2021. However, the Government has set a year earlier to deal with the impact of the Covid-19 pandemic that has hit Indonesia since March 2020. The policy for reducing the Corporate Income Tax rate is listed in Perppu Number 1 of 2020 which was later stipulated by Law Number 2 of 2020. The policy of reducing the Corporate Income Tax rate during the Covid-19 pandemic is expected to have a wide impact.

However, the reduction in corporate income tax rates can motivate company management to carry out earnings management in order to save the tax burden. One of the efforts made by the company's management to benefit from a decrease in the corporate income tax rate is tax shifting, namely by moving profits from the year before the decrease in the corporate income tax rate to the year after the tax rate reduction or by delaying revenue recognition and accelerating expense recognition so that profits in the year before the decline in the income tax rate became lower (Wijaya and Martani, 2011). Several previous studies have succeeded in proving that there are differences in earnings management through discretionary accruals between before and after the corporate income tax rate reduction policy was implemented as a response by the company (Wijaya and Martani, 2011; Hamijaya, 2015; Nastiti, et al., 2016). Earnings management before is greater than after the decrease in Corporate Income Tax rates. However, Slamet and Wijayanti (2012) revealed that the value of discretionary accruals in 2009 and 2010 was not significantly different, meaning that changes in tax rates were not responded to by companies with earnings management.

The decrease in the Corporate Income Tax rate will affect the current tax amount, because the rate is the basis for calculating the Income Tax payable. In addition, the decrease in the Corporate Income Tax rate has an impact on the adjustment of the deferred tax value that has been recognized, because the measurement of deferred tax is based on the tax rate in effect when the settlement occurs. PSAK 46 regulates the presentation and disclosure of current tax expense and deferred tax in the financial statements. The implication of PSAK 46 is related to the issue of earnings management, namely that many company management take advantage of flexibility opportunities in the preparation of financial statements to carry out earnings management with an accrual approach in order to get bonuses for performance by minimizing the income tax burden (Sutadipraja, et al., 2019). Current tax and deferred tax can affect earnings management as a motivation for tax savings (Rahmi, et al., 2019).

Several previous studies have proven that current taxes have a significant effect on earnings management (Tanra, et al., 2017; Sutadipraja, et al., 2019; Nabil and Hidayati, 2020). Meanwhile, Wijaya, et al. (2017) revealed that the current tax burden has no significant effect on earnings management. Then, Baradja, et al. (2017) show that deferred tax assets have a significant positive effect on earnings management, as well as Sutadipraja, et al. (2019) proves that deferred tax assets have a significant negative effect on earnings management. Meanwhile, Hamijaya (2015) and Anasta (2015) reveal that deferred tax assets have no significant effect on earnings management. Furthermore, Anasta (2015) states that deferred tax liabilities have a significant negative effect on earnings management, but

Sutadipraja, et al., (2019) proves that deferred tax liabilities have no effect on earnings management.

From this Covid-19 pandemic, Indonesia has learned a lot to deal with dynamic conditions, which never thought would happen before (Directorate General of Taxes, 2021:362). During this Covid-19 pandemic, each sector of the business field has its own impact, there are sectors that are hardest hit (potential losers) will experience a decline in profits or even losses, there are also sectors that grow positively (potential winners) will earn large profits.

## II. Research Method

The research method used is a quantitative research method. This study consists of the independent variable (X) and the dependent variable (Y).

## III. Discussion

### 3.1 Results

#### a. Descriptive Statistical Analysis

The following summarizes the results of descriptive statistical analysis for earnings management variables proxied by *discretionary accruals* (DA) and PSAK 46 proxied by current taxes, deferred tax assets (DTA), and deferred tax liabilities (DTL):

The average value of the *discretionary accruals* is -0.5172 with a standard deviation of 0.4576 and the highest value is 0.4333 owned by Jasnita Telekomindo Tbk. (JAST) in 2019, while the lowest value, which is -2.8829, is owned by Digital Mediatama Maxima Tbk. (DMMX) in 2019. The negative average value of the *discretionary accruals* indicates that there is a reduction in *discretionary accruals* that are income *decreasing*. Then, the average value of the current tax, which is 0.0104 with a standard deviation of 0.0275 and the highest value is 0.2475, is owned by Organon Pharma Indonesia Tbk. (SCPI) in 2019, while the lowest value was 0.0000. The lowest value of the company's current tax which is zero indicates that the company has suffered a loss so that it is not subject to income tax payable. Then, the average value of the company's deferred tax assets is 0.2612 with a standard deviation of 1.75644 and the highest value is 16.8026 owned by PT Eastparc Hotel Tbk. (EAST) in 2020, while the lowest value, which is -1.0000 is owned by Sarana Menara Nusantara Tbk. (TOWR) 2020, Digital Mediatama Maxima Tbk. (DMMX) 2020, Steady Safe Tbk. (SAFE) in 2020, Express Transindo Utama Tbk. (TAXI) in 2019, and Jakarta Setiabudi Internasional Tbk. (JSPT) in 2019. Furthermore, the average value of the company's deferred tax liability, which is 0.0149 with a standard deviation of 0.0521 and the highest value is 0.5435, is owned by Pembangunan Graha Lestari Indah Tbk. (PGLI) in 2019, while the lowest value was 0.0000.

#### b. Differences *Discretionary Accrual Before and After Decreasing Corporate Income Tax Rates in Potential Winner and Potential Loser*

Previously, the descriptive statistical results for the *mean* and standard deviation of *discretionary accruals* before and after the decline in Corporate Income Tax rates were presented in Table 1 below.

**Table 1.** Differences in Discretionary Accrual Before and After Decreasing Corporate Income Tax Rates - Paired Samples Statistics

		Mean	N	Std. Deviation
Pair 1	DA_sebelum	-0,6211	57	0,49920
	DA_setelah	-0,4133	57	0,38911

Source: Secondary data processing results, 2022

Then, the following are the results of the paired samples *t*-test difference test which is presented in the form of a table in Table 2 and a graph in Figure 1.

**Table 2.** Differences in Discretionary Accrual Before and After Decreasing Corporate Income Tax Rates in Potential Winner Companies and Potential Loser Companies - Paired Samples T-Test

		<i>Paired Differences</i>			df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean		
Pair 1	DA_before - DA_after	-0.20780	0.49573	0.06566	56	0.003

Source: Results of secondary data processing, 2022

Based on the results of the study, the average value of *discretionary accruals* before the reduction in corporate income tax rates is -0.6211 (the average value of *discretionary accruals* is further away from 0) lower than the average value of *discretionary accruals* after the decrease in the Corporate Income Tax rate, which is -0.4133 (the average value of *discretionary accruals* is closer to 0).

Furthermore, to determine the significance of the results of these differences, hypothesis testing (Hypothesis 1) was carried out using the *paired samples t-test difference test* with the criteria:

- Reject  $H_0$  and Accept  $H_a$  if the value of Sig. < 0.05
- Accept  $H_0$  and Reject  $H_a$  if the value of Sig. > 0,05

The results of the different tests using paired samples *t*-test can be seen in Table 6 below:

**Table 3.** Hypothesis Testing Results of Discretionary Accrual Differences Before and After Decreasing Corporate Income Tax Rates

	DA	Sig.	-0.6211	Decision	Conclusion
Before	0.003	-	0.05	Ha accepted	Significant
After	Source	0.4133			

Source: Results of secondary data processing, 2022

Based on the results of the *paired samples t-test difference test*, the value of Sig. 0.003 < 0.05 (*a*) so that with a 95% confidence level it can be decided to accept  $H_a$  and reject  $H_0$ ,

which means there is a significant difference in *discretionary accruals* before and after the decrease in Corporate Income Tax rates in *potential winner* companies and *potential loser*, which shows the value the average *discretionary accrual* before the decrease in the Corporate Income Tax rate, which is -0.6211 (the average value of *discretionary accruals* is more than 0) lower than the average value of the *discretionary accrual* after the decrease in the Corporate Income Tax rate, which is -0.4133 (the average value of *discretionary accruals* is closer to 0).

### c. Differences *Discretionary Accrual of Potential Winner Companies and Potential Loser Before Decreasing Corporate Income Tax Rates*

Previously, descriptive statistical results for the *mean* and standard deviation of *discretionary accruals* of *potential winner* and *potential loser* in Table 4 below.

**Table 4.** Differences in Discretionary Accrual of Potential Winner Companies and Potential Loser Companies Before the Decrease in Corporate Income Tax Rates - Group Statistics

Company	N	Mean	Std. Deviation
DA_sebelum Winner	28	-0,6554	0,58948
Loser	29	-0,5880	0,40127

Source: Results of secondary data processing, 2022

Then, the following are the results of the independent samples t-test difference test which is presented in tabular form in Table 5.

**Table 5.** Differences in Discretionary Accrual of Potential Winner Companies and Potential Loser Companies Before Decreasing Corporate Income Tax Rates-Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	T	Sig. (2-tailed)	Mean Difference
DA_before	Equal variances assumed	0.823	0.368	-0.507	0.614	-0.06745
	Equal variances not assumed			-0.503	0.617	-0.06745

Source: Results of secondary data processing, 2022

From the results of the study, the average value of *discretionary accruals* before the decrease in corporate income tax rates in *potential winner* is -0.6554 (the average value of *discretionary accruals* is more negative than away from 0) while in *potential loser*, which is -0.5880 (the average value of *discretionary accruals* is closer to 0).

Furthermore, to find out the significance of the results of these differences, hypothesis testing (Hypothesis 2) was carried out using a different *independent samples t-test* with the criteria:

- Reject Ho and Accept Ha if the value of Sig. < 0.05
- Accept Ho and Reject Ha if the value of Sig. > 0,05

The results of the different tests using the independent samples t-test can be seen in Table 6 below:

**Table 6.** Results of Hypothesis Testing Differences in Discretionary Accrual of Potential Winner Companies and Potential Loser Companies Before Decreasing Corporate Income Tax Rates

	DA_Before	Sig.	- 0.65 54	Decision	Conclusion
Potential Winner	0.614	-	0.05	Ha rejected	Not Significant
Potential Loser	Source				

Source: Results of secondary data processing, 2022

Based on the results of the *independent samples t-test difference test*, obtained the value of Sig.  $0.614 > 0.05$  ( $\alpha$ ) so that with a 95% confidence level it can be decided to reject  $H_a$  and accept  $H_0$ , which means that there is no significant difference in *discretionary accruals* between *potential winner* companies and *potential losers* before the decrease in Corporate Income Tax rates.

#### d. Differences Discretionary Accrual of Potential Winner Companies and Potential Loser After Decreasing Corporate Income Tax Rates

Previously, descriptive statistical results for the *mean* and standard deviation of *discretionary accruals* of *potential winner* companies and *potential loser* after the reduction of Corporate Income Tax rates were presented in Table 7 below.

**Table 7.** Differences in Discretionary Accrual of Potential Winner Companies and Potential Loser Companies After Decreasing Corporate Income Tax Rates – Group Statistics

Perusahaan	N	Mean	Std. Deviation
DA_setelah Winner	28	-0,5616	0,37283
Loser	29	-0,2702	0,35436

Source: Results of secondary data processing, 2022

Then, the following are the results of the independent samples t-test difference test which is presented in tabular form in Table 8.

**Table 8.** Differences in Discretionary Accrual of Potential Winner Companies and Potential Loser Companies After Decreasing Corporate Income Tax Rates-Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	Sig. (2-tailed)	Mean Difference
DA_ after	Equal variances assumed	0.433	0.004	0.513	-	Equal
				-	0.29144	
	variances not assumed			3.026	-	
				-	0.004	-0.29144
				3,023		

Source: Secondary data processing results, 2022

From the results of the study, the average value of *discretionary accruals* after the decrease in corporate income tax rates in *potential winner* is -0.5616 (the average value of *discretionary accruals* negatives away from 0) while in *potential loser*, which is -0.2702 (the average value of *discretionary accruals* is closer to 0).

Furthermore, to determine the significance of the results of these differences, hypothesis testing (Hypothesis 3) was carried out using a different *independent samples t-test* with the criteria:

- Reject Ho and Accept Ha if the value of Sig. < 0.05
- Accept Ho and Reject Ha if the value of Sig. > 0,05

The results of the different tests using the independent samples t-test can be seen in Table 9 below:

**Table 9.** Results of Hypothesis Testing Differences in Discretionary Accrual of Potential Winner Companies and Potential Loser Companies After Decreasing Corporate Income Tax Rates

	DA_After	Sig.	- 0.5616	Decision	Conclusion
<i>Potential Winner</i>	0.004	-	0.05	Ha accepted	Significant
<i>Potential Loser</i>	Source	0.270 2			

Source: Results of secondary data processing, 2022

Based on the results of the *independent samples t-test difference test*, the value of Sig.  $0.004 < 0.05$  ( $\alpha$ ) so that with a 95% confidence level it can be decided to accept Ha and reject Ho, which means that there is a significant difference in *discretionary accruals* between *potential winner* companies and *potential losers* after the reduction in Corporate Income Tax rates.

#### e. The Effect of PSAK 46 on Earnings Management

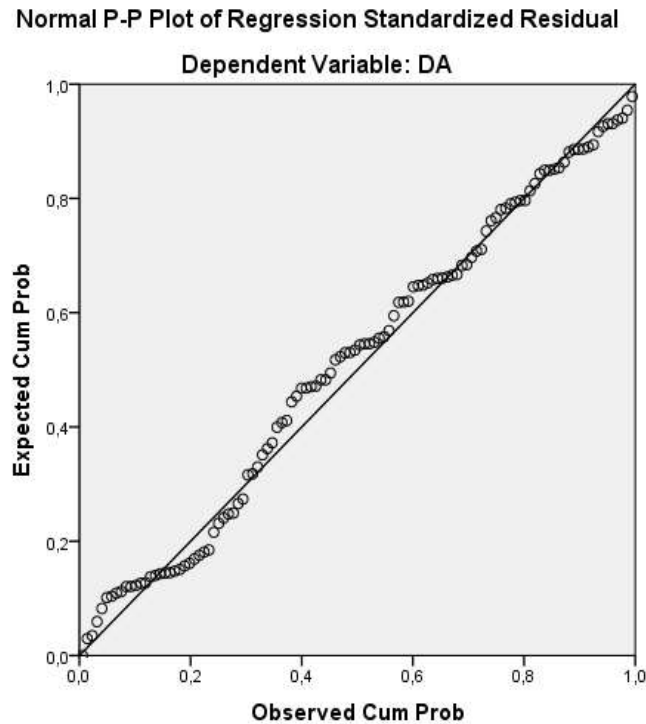
Before testing the hypothesis using multiple linear regression analysis, there is a classical assumption test that must be met.

##### 1. Classical Assumption Test

The following is a classical assumption test consisting of a normality test, a multicollinearity test, a heteroscedasticity test, and an autocorrelation test that must be met.

###### 1. Normality Test

One way to detect this normality problem can be using the p-plot graph method and the *Kolmogorov-Smirnov* as reinforcement of the results, provided that the value of Sig. > 0.05, it can be concluded that the assumption of normality has been met. Figure 1 and Table 10.



**Figure 1.** Grafik P–Plot Normality Test  
 Source: Results of secondary data processing, 2022

Based on the p-plot graph method in Figure 1, it can be seen that the points are spread out following the direction of the diagonal line, which indicates that the residuals in the regression have been normally distributed, so the data normality requirements are met.

**Table 10.** Normality-One-Sample Assumption Test Results Kolmogorov-Smirnov Test

		<b>Unstandardized Residual</b>
N		114
Normal Parameters <sup>a,b</sup>	Mean	0,0000000
	Std. Deviation	0.43903961
Most Extreme Differences	Absolute	0.073
	Positive	0.055
	Negative	-0.073
Kolmogorov-Smirnov Z		0.775
Asymp. Sig. (2-tailed)		0.584

a. Test distribution is Normal.

b. Calculated from data.

Source: Results of secondary data processing, 2022

Based on the results of the normality test presented in Table 12, it shows that the significance value (Asymp. Sig. (2-tailed)) of the Kolmogorov–Smirnov test is  $0.584 > 0.05$ , so the assumption of normality for the regression model to be studied has been met.



## 2. Multicollinearity Test

Testing multicollinearity problems can be detected from the *tolerance* and VIF (*variance inflation factor*). If the *tolerance* is greater than 0.1 and the VIF is less than 10, it can be decided that there is no multicollinearity problem in the regression model that will be formed. The test results are presented in Table 11 below:

**Table 11.** Multicollinearity Assumption Test Results  
Coefficients<sup>a</sup>

Model	Collinearity Statistics	
	Tolerance	VIF
1 Pajak Kini	0,997	1,003
DTA	0,998	1,002
DTL	0,997	1,003

a. Dependent Variable: DA

Source: Secondary data processing results, 2022

Based on Table 17, it can be concluded that there is no multicollinearity found in the regression model to be formed, because all independent variables involved in the regression model have a *tolerance* > 0.10 and a VIF value < 10.

## 3. Heteroscedasticity Test

One way to detect this heteroscedasticity is using *the Glejser Test* which is done by regressing the absolute residual value (ARESID) with the independent variable. The test results are summarized in Table 12.

**Table 12.** Heteroscedasticity Assumption Test Results  
ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	0.249	3	0.083	1.119	0.345 <sup>b</sup>
Residual	8.151	110	0.074		
Total	8,400	113			

a. Dependent Variable: ARESID

b. Predictors: (Constant), DTL , DTA , Current Tax

**Coefficients<sup>a</sup>**

Model	T	Sig.
1 (Constant)	11,810	0.000
Current Tax	1,379	-0.768
DTA	0.171	-0.861
DTL	0.444	0.391

a. Dependent Variable: ARESID

Source: Secondary data processing results, 2022

Based on the decision-making criteria of the Glejser test, it can be concluded that the residual variance in the regression model is homoscedastic or the regression model is free from heteroscedasticity problems, because the significance value for all independent variables is much greater than 0,05.

#### 4. Autocorrelation Test

One way to detect autocorrelation problems is to use *a run test* provided that if the significance value obtained is greater than 0.05, it can be concluded that there is no autocorrelation problem. The summary of test results is presented in table 13:

**Table 13.** Autocorrelation Assumption Test Results - Runs Test

	<b>Unstandardized Residual</b>
Test Value <sup>a</sup>	0.04368
Cases < Test Value	57
Cases >= Test Value	57
Total Cases	114
Number of Runs	50
Z	-1.505
Asymp. Sig. (2-tailed)	0.132

a. Median

Source: Results of secondary data processing, 2022

Based on Table 13, it is known that the significance value obtained is 0.132 and is much greater than 0.05, so the regression model is free from autocorrelation problems.

#### f. Multiple Linear Regression Analysis

After fulfilling the classical assumption test, then to determine the effect of PSAK 46 which is proxied by current tax, deferred tax assets, and deferred tax liabilities on earnings management proxied by *discretionary accruals*, multiple linear regression analysis will be carried out through t test (hypothesis test). partial), the value of the F test (simultaneous hypothesis testing), and the coefficient of determination test. So, the results of multiple linear regression testing can be seen in the following description:

**Table 14.** Multiple Linear Regression Test Results

Coefficients<sup>a</sup>

<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>	<b>Correlations</b>
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>			<b>Zero-order</b>
1 (Constant)	-0.452	0.047		-9,639	0.000	
Current Tax	-3.905	1.524	-0.235	-2.563	0.012	-0.227
DTA	-0.019	0.024	-0.070	-0.770	0.443	-0.057
DTL	-1.365	0.804	-0.155	-1.696	0.046	-0.144

a. Dependent Variable: DA

Source: Secondary data processing results, 2022

The regression equation that explains the effect of current taxes, deferred tax assets, and deferred tax liabilities on earnings management is as follows:

$$Y = -0.452 - 3.905 X_2 - 0.019 X_3 - 1.365 X_4$$

From the results of the multiple linear regression equation, it is known that current tax, deferred tax assets, and deferred tax liabilities have a negative regression coefficient (-) which indicates an increase in the current tax ratio, deferred tax assets, and deferred tax liabilities are predicted to decrease.

### 3.2 Discussion

#### a. Differences in Earnings Management Before and After Decreasing Corporate Income Tax Rates in *Potential Winner Companies* and *Potential Loser*

From the results of the different test using *paired samples t-test*, the value of Sig. 0.003 < 0.05 (*a*) so that with a 95% confidence level it can be decided to accept  $H_a$  and reject  $H_o$  which means that there is a significant difference in *discretionary accruals* between before and after the decrease in Corporate Income Tax rates by *potential winner* companies and *potential loser*.companies *Potential winner* and *potential loser* perform higher earnings management before than after the decrease in Corporate Income Tax rates. This is reflected in the average value of *discretionary accruals* before the decrease in the Corporate Income Tax rate, which is -0.6211 (the average value of *discretionary accruals* is further away from 0) which is lower than the average value of *discretionary accruals* after the decrease in the Corporate Income Tax rate. namely -0.4133 (the average value of *discretionary accruals* is closer to 0).

#### b. Differences in Profit Management of *Potential Winner Companies* and *Potential Loser* Before the Decrease in Corporate Income Tax Rates

From the results of different tests using *independent samples t-test*, the value of Sig. 0.614 > 0.05 (*a*) so that with a 95% confidence level it can be decided to reject  $H_a$  and accept  $H_o$ , which means that there is no significant difference in *discretionary accruals* of *potential winner* companies and *potential losers* before the reduction in Corporate Income Tax rates. This happened because before the decrease in the Corporate Income Tax rate, namely in 2019, it was still under normal circumstances that the Covid-19 pandemic had not occurred in Indonesia. Thus, *potential winner* companies and *potential losers* have not been affected differently from the Covid-19 pandemic. Thus, the results of this study are not in line with the research of Wijaya and Martani (2011) and Ristiyanti and Syafruddin (2012) which prove that there is a significant difference in earnings management between companies that earn profits (*profit firms*) and companies that experience losses (*loss firms*).

#### c. Differences in Profit Management of *Potential Winner Companies* and *Potential Loser* After Decreasing Corporate Income Tax Rates

From the results of different tests using *independent samples t-test*, the value of Sig. 0,004 < 0,05 (*a*) sehingga dengan taraf kepercayaan 95% dapat diputuskan untuk menerima  $H_a$  dan menolak  $H_o$  yang berarti bahwa terdapat perbedaan signifikan *discretionary accrual* antara perusahaan *potential winner* dengan perusahaan *potential loser* setelah penurunan tarif Pajak Penghasilan Badan. This happened because after the decline in the Corporate Income Tax rate, namely in 2020, there was a Covid-19 pandemic in Indonesia. Thus, the *potential winner* is positively affected from the Covid-19 pandemic which can lead to an increase in income which in general can eventually experience profits or even increase profits.

Meanwhile, *potential losers* are negatively affected by the Covid-19 pandemic which can cause a decrease in income which in general can eventually reduce profits or even experience losses, so they are not taxed. Therefore, between *potential winner* companies and *potential losers* they carry out different earnings management after the decrease in the Corporate Income Tax rate. So, the results of this study are consistent with the research of Wijaya and Martani (2011) and Ristiyanti and Syafruddin (2012) which prove that there is a significant difference in earnings management between companies that earn profits (*profit firms*) and companies that experience losses (*loss firms*).

#### **d. The Effect of Current Tax on Earnings Management**

From the results of the sample test of current tax data on earnings management, the regression coefficient for current tax is -3.905 with a significant value of 0.012 which is smaller than the significant level of 0.05, the  $t_{count}$  -2.563 falls in the rejection area.  $H_0$ . Thus, the results of this partial hypothesis test indicate that current taxes have a significant negative effect on earnings management. This means that an increase in the value of current taxes can reduce *discretionary accruals* so that the company's potential to carry out earnings management will decrease, conversely, a decrease in the value of current taxes can result in an increase in the value of *discretionary accruals*, which means the company's potential for earnings management will be higher. The results of this study are not in line with the theory of current tax value which is directly proportional to earnings management (Wijaya, et al., 2017) and the theory of bonus motivation (Scott, 2000).

#### **e. The Effect of Deferred Tax Liabilities on Earnings Management**

Based on the results of the tests that have been carried out, the results of the regression coefficient for deferred tax liabilities are -1.365 with a significant value of 0.046 less than the significant level of 0.05, the  $t_{count}$  -1.696 falls in the  $H_0$  rejection area. Thus, the results of this partial hypothesis test indicate that deferred tax liabilities have a significant negative effect on earnings management. This means that an increase in the value of deferred tax liabilities can reduce the value of *discretionary accruals*, so that the company's potential for earnings management will decrease. On the other hand, a decrease in the value of deferred tax liabilities can increase the value of *discretionary accruals*, so that the potential for companies to carry out earnings management will be higher. The results of this study are not in line with the theory proposed by Yulianti (2005), namely the value of deferred tax liabilities which is directly proportional to earnings management and bonus motivation theory (Scott, 2000).

This is inseparable from the influence of the Covid-19 pandemic in 2020 which caused several sample companies to suffer losses in 2020. Because with this unprecedented condition, company management needs to adapt and not only think about profits, the amount of deferred taxes, or bonuses, but there is a matter of urgency how the company can *survive* and *going concern* through the Covid-19 pandemic. Sihombing (2020) state that Covid-19 pandemic caused everyone to behave beyond normal limits as usual. The outbreak of this virus has an impact especially on the economy of a nation and Globally (Ningrum, 2020). The problems posed by the Covid-19 pandemic which have become a global problem have the potential to trigger a new social order or reconstruction (Bara, 2021). Not to mention giving bonuses, in general, companies make rationalizations in providing employee salaries or even cutting employees. However, the results of this study are consistent with the results of research conducted by Anasta (2015) which states that deferred tax liabilities have a significant negative effect on earnings management.

#### **f. The Effect of PSAK 46 Proxied by Current Tax, Deferred Tax Assets, and Deferred Tax Liabilities on Earnings Management**

The results of this simultaneous hypothesis test are obtained that the calculated is 3.171 which is greater than the  $F_{table}$  is 2.684 with a  $Sig.$   $0.027 < 0.05$  ( $\alpha$ ), then reject  $H_0$  and accept  $H_a$ , which means PSAK 46 which is proxied by current tax, deferred tax assets, and deferred tax liabilities simultaneously has a significant effect on earnings management. In addition, the value of  $R Square$  ( $R^2$ ) obtained is 0.080. These results indicate that current tax, deferred tax assets, and deferred tax liabilities simultaneously contribute 8% influence on earnings management, while the remaining 92% is influenced by other variables not examined.

### **IV. Conclusion**

1. There are significant differences in discretionary accruals before and after the decrease in corporate income tax rates for potential winner companies and potential loser companies. Potential winner and potential loser perform higher earnings management before than after the decrease in Corporate Income Tax rates.
2. There is no significant difference in discretionary accruals of potential winner companies and potential losers before the decrease in Corporate Income Tax rates. This is because before the decrease in the Corporate Income Tax rate was still in normal conditions, there had not been a Covid-19 pandemic which had a different impact on the company.
3. There is a significant difference in discretionary accruals of potential winner companies and potential losers after the decrease in the Corporate Income Tax rate. Because after the decrease in the Corporate Income Tax rate, the Covid-19 pandemic has had a different impact (positive or negative) on the company.
2. Current Tax has a significant negative effect on earnings management with a given contribution of 5.3%. The results of this study were influenced by the conditions of the Covid-19 pandemic.
3. Deferred tax assets have no significant effect on earnings management. The results of this study are increasingly influenced by the conditions of the Covid-19 pandemic.
4. Deferred tax liability has a significant negative effect on earnings management with the contribution of the influence given, which is 2.2%. The results of this study were influenced by the conditions of the Covid-19 pandemic.
5. PSAK 46 which is proxied by current tax, deferred tax assets, and deferred tax liabilities simultaneously has a significant effect on earnings management which is proxied by discretionary accruals with a given contribution of 8%, while the remaining 92% is influenced by other variables that are not researched.

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