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# The Influence of Tax Planning, Deferred Tax Expenses, and Deferred Tax Assets on Profit Management in Energy Sector Companies Listed on the Indonesian Stock Exchange

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**Abstract:** This study seeks to assess how tax planning, deferred tax expenses, and deferred tax assets impact profit management within energy sector firms listed on the Indonesian Stock Exchange. Employing an associative research approach, data was collected through documentation studies utilizing secondary data. From the subsequent analysis and discussions, the following conclusions emerge: 1) The multiple linear regression equation, representing the influence of tax planning, deferred tax expenses, and deferred tax assets on earnings management, is as follows: Y= 11.615 + (-2.18$X_1$) + 0.485X2 + 0.252X3 + e. 2) With a correlation coefficient (r) of 0.341, it suggests a weak relationship between Tax Planning variables, Deferred Tax Expenses, Deferred Tax Assets, and the Profit Management variable. 3) The coefficient of determination (R2) at 0.117 indicates that Tax Planning, Deferred Tax Expenses, and Deferred Tax Assets collectively influence earnings management by 11.7%, while the remaining 88.3% of variance is attributed to unexplored variables. 4) Results from the F statistical test exhibit a significance value (Sig.) of 0.041 < 0.05, indicating a significant joint influence of Tax Planning, Deferred Tax Expenses, and Deferred Tax Assets on Profit Management. 5) Through the t test (partial), it is found that Tax Planning does not exert a significant influence on Profit Management. Conversely, Deferred Tax Expenses significantly impact Profit Management, whereas Deferred Tax Assets do not significantly influence Profit Management.

**Keyword:** Tax Planning, Deferred Tax Expenses, Defereed Tax Assets, Profit Management.

## INTRODUCTION

The Indonesian Stock Exchange serves as a platform offering investment prospects and financial resources vital for bolstering national economic progress. Additionally, it fosters the growth of significant local investors, contributing to the stability of the Indonesian Capital Market. This market, designated for long-term investment endeavors by companies, facilitates the trading of equity or debt instruments. Moreover, it encompasses activities encompassing public offerings, securities trading, and associated institutional and professional roles.

In Indonesia's contemporary business landscape, companies engage not only in product competition but also in financial management competition. Publicly traded companies are obligated to release financial reports on the Indonesia Stock Exchange (BEI), accessible to investors and the public, serving as metrics to evaluate management performance. Management shoulders significant responsibility in adhering to financial principles and regulations, while internal stakeholders strive to enhance profitability to attract investors. Amid these challenges, taxation emerges as a prominent concern.

As per Article 1 point 1 of Law No. 28 of 2007, taxation is defined as compulsory contributions to the state, mandated by law, devoid of direct compensation, and earmarked for public welfare. Companies endeavor to minimize tax burdens, leading some to engage in profit management practices.

Earnings management is behavior carried out by company managers to cause profits to increase or decrease with the aim of providing benefits to the company in terms of financial reporting for external parties who can influence stakeholder decisions in decision making. One way the company will usually minimize the taxes that will be incurred by the Company, because taxes will be considered an expense that must be paid by the Company. To avoid taxes illegally, companies usually carry out a tax planning process, because tax planning can be said to be a safe way to avoid taxes because it does not violate applicable regulations or standards. But tax planning is detrimental to the government because it can reduce the income received by the government.

The following is an example of a case related to earnings management that occurred domestically. A number of shareholders have questioned the revision of the financial statements of PT Nusa Construction Enjiniring Tbk (DGIK) for the first quarter of 2023 from a loss to a profit. Andi LM, one of the GMS participants said, on April 28 2023 DGIK submitted its First Quarter Financial Report to the Financial Services Authority (OJK) and the Indonesian Stock Exchange (BEI). In this report, DGIK posted a net loss of IDR 5.22 billion. However, on May 25 2023, DGIK with the stock code DGIK revised its First Quarter Financial Report and recorded a net profit of IDR 5.12 billion or a jump of 198 percent. In his explanation to the OJK and BEI, DGIK President Director Heru Firdausi Syarif said the change was due to an increase in inventory value of IDR 5.4 billion and advances of IDR 4.9 billion. Because the increase in the value of inventories and advances did not come from additional inventories and advances, but rather because the DGIK Directors allegedly delayed recording costs that should have been recorded in the first quarter of 2023. This alleged delay in recording costs, said Andi, made DGIK seem like - will make a profit, even though it is a loss. (https://disway.id).

According to Faqih & Sulistyowati (2021) in their study titled "Tax Planning, Deferred Tax Expenses, and Deferred Tax Assets on Profit Management in the Consumer Goods Industry," the findings suggest that tax planning and deferred tax expenses have a significant influence on earnings management, whereas deferred tax assets do not.

According to Septianingrum, Damayanti, Maryani (2022) in their research titled "The Effect of Current Tax Expenses, Deferred Tax Expenses and Deferred Tax Assets on Profit Management," the results indicate a positive impact on earnings management. Deferred tax assets are found to have no effect on earnings management, while current tax expenses, deferred tax expenses, and deferred tax assets collectively contribute positively to earnings management.

According to Sundari and Hariyanto (2021) in their study titled "The Influence of Company Size, Leverage and Profitability on Profit Management Practices in Manufacturing Companies in the Consumer Goods Industry Sector Listed on the Indonesian Stock Exchange," the F test results reveal a significant effect of Company Size, Leverage, and Profitability together on Profit Management Practices. Additionally, while Company Size does not significantly affect Profit Management Practices according to the t test results, both

Leverage and Profitability variables demonstrate a significant impact on Profit Management Practices.

## METHOD

### Type of Research

The research methodology employed is associative research, as defined by Sugiyono (2019). Associative research involves formulating research problems that inquire about the relationship between two or more variables.

In this study, the associative relationship investigated pertains to the correlation between tax planning variables, deferred tax expenses, and deferred tax assets, which may have an impact on earnings management variables..

### Data Collection Techniques

The data collection method employed in this study involves conducting documentation studies utilizing secondary data. As defined by Sugiyono (2018), secondary data refers to research data that is not directly provided to data collectors, such as through intermediaries or documents.

Documentation, as described by Sugiyono (2018), is a technique utilized to gather data and information from various sources including books, archives, reports, and written records, which can supplement research endeavors. In this study, data was sourced from the website (http://www.idx.co.id), and supplemented with literature reviews including journals, publications, and relevant websites pertinent to the research topic.

### Population and Sample

1. Population

   As per Sugiyono (2018:80), the concept of "population" refers to a broad domain comprising objects or subjects characterized by specific qualities and attributes identified by researchers for examination, leading to subsequent conclusions.

   In this study, the population consists of all energy sector companies enlisted on the IDX between January 2020 and December 2022, totaling 75 companies.

2. Sample

   As stated by Sugiyono (2019:127), "Sampling pertains to a subset of the population characterized by its size and attributes." The research employed purposive sampling as its sampling method, as outlined by Sugiyono (2016), who defines purposive sampling as a technique for selecting samples based on specific criteria.

   The sample for this study comprises all companies in the energy sector that release annual financial reports, those with deferred tax asset and deferred tax expense accounts, and those listed on the Indonesia Stock Exchange (IDX) during the period spanning January 2020 to December 2022, totaling 63 companies.

### Research Variables

The variables used in this research consist of two variables, namely:

1. Independent Variable

   The independent variables in this research are Tax Planning, Deferred Tax Expenses, and Deferred Tax Assets which are given the symbol X.

2. Dependent Variable

   The dependent variable in this research is Earnings Management with the symbol Y.

### Data Analysis Techniques

In this research, the data analysis used is as follows:

1. Classic assumption test

a. Normality Test

As per Sunyoto (2016): "In addition to the conventional multicollinearity assumption test, another conventional assumption test is the normality test, which examines whether the data of independent variables (X) and dependent variables (Y) in the resulting regression equation are normally distributed or not." A regression equation is considered satisfactory if the data of both independent and dependent variables exhibit a distribution that is either close to normal or entirely normal.

b. Multicollinearity Test

As per Ghozali (2016), the multicollinearity examination is conducted to ascertain whether the regression model detects any correlation among the independent variables. A desirable regression model entails the absence of multicollinearity. The determination of multicollinearity occurrence is assessed through (1) the tolerance value and its reciprocal (2) the variance inflation factor (VIF).

c. Correlation Test

As per Ghozali's (2016) explanation, "The autocorrelation assessment is conducted to examine whether there exists a correlation between residual errors at time t and residual errors at time t-1 (previous) within the linear regression model." A desirable regression model is characterized by the absence of autocorrelation. Autocorrelation evaluation within the regression model is executed utilizing the Run Test.

d. Heteroscedasticity Test

In line with Ghozali's (2016) explanation, "The heteroscedasticity examination verifies whether there is variance inequality among the residuals of different observations within the regression model. An ideal regression model is characterized by the absence of heteroscedasticity."

e. Linearity Test

As stated by Ghozali (2018), "This examination determines the appropriateness of the model specifications employed. It helps decide whether the function utilized in an empirical investigation should be linear, quadratic, or cubic. The significance value guides the decision-making process based on this test."

2. Hypothesis testing

a. Multiple Linear Regression Analysis

As for the way to find out the relationship between the independent variable and the dependent variable, the regression equation is:

$$Y = \alpha + \beta 1\ X1 + \beta 2\ X2 + \beta 3\ X3 + e$$

Information :

Y = Profit Management
α = Constant
β1 β2 β3 = Regression Coefficient
X1 = Tax Planning
X2 = Deferred Tax Expense
X3 = Deferred Tax Assets
e = Error

b. Correlation Coefficient Analysis (r)

As per Sugiyono (2018), "Correlation coefficient analysis serves to ascertain both the direction and magnitude of the relationship between two or more variables. Direction is indicated by positive and negative relationships, while the strength of the relationship is indicated by the magnitude of the correlation coefficient."

c. Coefficient of Determination Test (R2)

As stated by Ghozali (2016), "The coefficient of determination is a test employed to assess the extent to which the independent variable can explain the dependent variable as a percentage."

d. F Statistical Test

The hypotheses tested in this research are:

H0: b1 = 0, Tax Planning, Deferred Tax Expenses and Deferred Tax Assets do not have a significant influence on Profit Management.

Ha : b1 ≠ 0, Tax Planning, Deferred Tax Expenses, and Deferred Tax Assets have a significant influence on Profit Management.

Decision-making :

1) If the sig value is > 0.05 then H0 is accepted and Ha is rejected.
2) If the sig value is <0.05 then H0 is rejected and Ha is accepted.

e. Partial Test (t Test)

H0: b1 = 0, Individual Tax Planning has no influence on Profit Management.

Ha : b1 ≠ 0, Individual Tax Planning has an influence on Profit Management.

H0: b2 = 0, Individual Deferred Tax Expenses have no influence on Earnings Management.

Ha: b2 ≠ 0, Individual Deferred Tax Expenses have an influence on Profit Management.

H0: b3 = 0, Individual Deferred Tax Assets have no influence on Earnings Management.

Ha : b3 ≠ 0, Individual Deferred Tax Assets have an influence on Profit Management.

Partial test decision making criteria (t test):

1) If the sig value is <0.05 then H0 is rejected and Ha is accepted.
2) If the sig value is > 0.05 then H0 is accepted and Ha is rejected.

## RESULTS AND DISCUSSION

### Classic Assumption Test

### Normality test

| One-Sample Kolmogorov-Smirnov Test | | |
|---|---|---|
| | | Unstandardized Residual |
| N | | 43 |
| Normal Parametersa,b | Mean | 0.0000000 |
| | Std. Deviation | 11.22188367 |
| Most Extreme Differences | Absolute | 0.236 |
| | Positive | 0.215 |
| | Negative | -0.236 |
| Test Statistic | | 0.236 |
| Asymp. Sig. (2-tailed) | | .102c |

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Source: Processed Data, 2024

The normality test results indicate an asymp. Sig. (2-tailed) value of 0.102, which is greater than 0.05. This means the data follows a normal distribution.

### Multicollinearity test

Coefficientsa

| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. | Collinearity Statistics |
|---|---|---|---|---|---|

| | | B | Std. Error | Beta | | | Tolerance | VIF |
|---|---|---|---|---|---|---|---|---|
| 1 | (Constant) | 11.615 | 8.436 | | 1.377 | 0.185 | | |
| | LN_X1 | -2.418 | 4.527 | -0.118 | -0.534 | 0.599 | 0.958 | 1.044 |
| | LN_X2 | 0.485 | 0.356 | 0.304 | 1.724 | 0.023 | 0.933 | 1.072 |
| | LN_X3 | 0.252 | 1.489 | 0.039 | 0.169 | 0.867 | 0.895 | 1.117 |

a. Dependent Variable: LN_Y

Source: Processed Data, 2024

The table above indicates that none of the independent variables have a Tolerance value > 10 and none have a VIF value < 0.10. Therefore, it can be concluded that there is no multicollinearity among the independent variables in this regression model.

**Autocorrelation test**

| Runs Test | |
|---|---|
| | Unstandardized Residual |
| Test Valuea | 1.49015 |
| Cases < Test Value | 21 |
| Cases >= Test Value | 22 |
| Total Cases | 43 |
| Number of Runs | 16 |
| Z | 1.292 |
| Asymp. Sig. (2-tailed) | 0.196 |
| a. Median | |

You can see the Asymp value. Sig. (2-tailed) 0.196 > 0.05, which means there are no symptoms of autocorrelation so the linear regression analysis is random.

**Heteroscedasticity test**

Coefficientsa

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | -2.272 | 4.979 | | -0.456 | 0.650 |
| | LN_X1 | -0.135 | 0.152 | -0.105 | -0.888 | 0.378 |
| | LN_X2 | -0.856 | 1.180 | -0.092 | -0.726 | 0.471 |
| | LN_X3 | 0.453 | 0.349 | 0.166 | 1.300 | 0.199 |

a. Dependent Variable: Abs_Res1

Source: Processed Data, 2024

The significance value (Sig) between the independent variables and the absolute residual value of > 0.05, indicating that there is no heteroscedasticity issue in the regression model.

**Linearity test**

Model Summaryb

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .218a | 0.047 | -0.001 | 4590753909.61643 |

a. Predictors: (Constant), LN_X3, LN_X2, LN_X1

b. Dependent Variable: RES_1

It can be seen that the R Square value obtained is 0.047 with n observations of 43, so the calculated value of c2 = 43 x 0.047 = 2.021. The n value is compared with the c2 table with df = 43 and a significance level of 0.05, the c2 table value is 59.303512. Therefore, c2 count < c2 table. So it can be concluded that the model used is linear.

## Hypothesis Testing

### Multiple Linear Regression Analysis

Coefficientsa

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | 11.615 | 8.436 | | 1.377 | 0.185 |
| | LN_X1 | -2.418 | 4.527 | -0.118 | -0.534 | 0.599 |
| | LN_X2 | 0.485 | 0.356 | 0.304 | 1.724 | 0.023 |
| | LN_X3 | 0.252 | 1.489 | 0.039 | 0.169 | 0.867 |

a. Dependent Variable: LN_Y

Source: Processed Data, 2024.

Based on the table above, it can be seen that the multiple linear regression equation is as follows:

$$Y= 11.615 + (-2.18X_1) + 0.485X_2 + 0.252X_3 + e$$

The regression equation model that can be written from these results in the form of an Unstandardized regression equation is as follows:

1. The constant value of 11.615 explains that if Tax Planning, Deferred Tax Expenses and Deferred Tax Assets are equal to zero, then Profit Management is 11.615.
2. If Tax Planning increases by one unit, the contribution to Profit Management decreases by 2.418.
3. If the Deferred Tax Expense increases by one unit, the contribution to Profit Management increases by 0.485.
4. If Deferred Tax Assets increase by one unit, the contribution to Profit Management increases by 0.252.

### Correlation Coefficient Analysis (r)

Model Summaryb

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .341a | 0.117 | -0.023 | 12.07537 |

a. Predictors: (Constant), LN_X3, LN_X1, LN_X2

b. Dependent Variable: LN_Y

Source: Processed Data, 2024.

It is observed that the R value is 0.341, indicating that, according to the multiple correlation interpretation, the relationship between the Tax Planning, Deferred Tax Expenses, and Deferred Tax Assets variables and the Profit Management variable is weak.

### Coefficient of Determination Test (R2)

The table above indicates that the coefficient of determination test results show an R Square value of 0.117 or 11.7%. This means that 11.7% of Profit Management is affected by the independent variables, namely Tax Planning, Deferred Tax Expenses, and Deferred Tax Assets, while the remaining 88.3% of Profit Management is influenced by other variables not included in this study.

### Simultaneous test (F test)

ANOVAa

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 365.666 | 3 | 121.889 | 0.836 | .041b |
| | Residual | 2770.475 | 38 | 145.814 | | |

| | | | |
|---|---|---|---|
| Total | 3136.140 | 42 | |

a. Dependent Variable: LN_Y
b. Predictors: (Constant), LN_X3, LN_X1, LN_X2

The ANOVA test results indicate that the independent variables collectively have a significant impact on the dependent variable, Profit Management. This is evidenced by the significance value (Sig.) of 0.041 < 0.05, demonstrating that Tax Planning, Deferred Tax Expenses, and Deferred Tax Assets together significantly affect Profit Management.

**Partial Test (t Test)**

Coefficientsa

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | 11.615 | 8.436 | | 1.377 | 0.185 |
| | LN_X1 | -2.418 | 4.527 | -0.118 | -0.534 | 0.599 |
| | LN_X2 | 0.485 | 0.356 | 0.304 | 1.724 | 0.023 |
| | LN_X3 | 0.252 | 1.489 | 0.039 | 0.169 | 0.867 |

a. Dependent Variable: LN_Y

Source: Processed Data, 2024.

The t test results can be concluded as follows:

1. The partial t-test results for the Tax Planning variable (X1) and Profit Management (Y) show a probability value (sig) of 0.599 > 0.05, indicating that Tax Planning does not have a significant impact on Profit Management.
2. The partial t-test results for the Deferred Tax Expense variable (X2) and Profit Management (Y) show a probability value (sig) of 0.023 < 0.05, indicating that Deferred Tax Expense has a significant impact on Profit Management.
3. The partial t-test results for the Deferred Tax Assets variable (X3) and Profit Management (Y) show a probability value (sig) of 0.867 > 0.05, indicating that Deferred Tax Assets do not have a significant impact on Profit Management.

This section addresses the research problems or hypotheses that were formulated previously.

## CONCLUSION

Based on the results of the analysis and discussion, the following conclusions can be drawn:

1. The multiple linear regression equation for the effect of tax planning, deferred tax expenses, and deferred tax assets on earnings management is: $Y = 11.615 + (-2.18X_1) + 0.485X_2 + 0.252X_3 + e$
2. The correlation coefficient (r) is 0.341, indicating that the relationship between the variables Tax Planning, Deferred Tax Expenses, and Deferred Tax Assets and the Earnings Management variable is weak according to the multiple correlation interpretation.
3. The coefficient of determination (R2) is 0.117, suggesting that Tax Planning, Deferred Tax Expenses, and Deferred Tax Assets account for 11.7% of the variation in earnings management, with the remaining 88.3% influenced by other variables not included in this research.
4. The F statistical test results show a significance value (Sig.) of 0.041 < 0.05, meaning that the variables Tax Planning, Deferred Tax Expenses, and Deferred Tax Assets collectively have a significant impact on Earnings Management.
5. The t-test (partial) results indicate that Tax Planning does not have a significant impact on Earnings Management. Deferred Tax Expenses have a significant impact on Earnings

Management, whereas Deferred Tax Assets do not have a significant impact on Earnings Management.

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