

THE EFFECT OF DEFERRED TAX ASSETS AND DEFERRED TAX EXPENSES ON EARNINGS MANAGEMENT

(Empirical Study: in the property, real estate and building construction sub-sector companies listed on the Indonesia Stock Exchange for the period 2016-2019)

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Abstract–This study aims to determine the effect of deferred tax assets and deferred tax expense on earnings management partially. The research strategy used in this research is an associative research strategy and the method used is quantitative. The population in this study are companies with the property, real estate and building construction sub-sector listed on the IDX in the 2016-2019 period. The sample used is 9 companies, the determination of the sample used is nonprobability sampling with purposive sampling technique with software tools E-views v.10.0. The results of this study prove that: 1) Deferred tax assets have an effect on earnings management. 2) Deferred Tax Expense has no effect on Earning Management

Keywords: Deferred Tax Assets, Deferred Tax Expenses and Earnings Management

1. Introduction

The financial report is a record of the company's financial information in the accounting period which is used to describe the company's performance (Indonesian Institute of Accountants, 2015). The results presented in the financial statements that affect the economic decisions of users of financial statements. The users of these financial statements are internal parties as well as external parties. Internal parties such as the management of the company while external parties include investors, creditors, bankers. In order to make economic decisions in investing, earnings information is very important for potential investors with the aim of knowing the quality of the company's earnings. Because the nominal profit presented is considered as showing the performance of the company's management, so that potential investors can reduce the risk of the financial statements that have been presented. In the era of the industrial revolution 4.0 as it is today, companies are faced with intense competition to continue to exist in the global market, especially for industries with the property, real estate and building construction sub-sector listed on the Indonesia Stock Exchange. In order to become the superior company in competing. Companies are required to have a competitive advantage over other companies. Companies are not only required to produce quality products for consumers, but companies must also be able to manage their finances properly. Which means, the policies that are enforced in the company's financial management must be able to guarantee the sustainability of the business that is run by the company and this can be shown by the size of the profits that the company gets.

Earnings management is an action taken by company management in the process of preparing financial statements to be presented so that it can be done by increasing or decreasing accounting profit according to its interests.

The difference in the method of calculation and recording between accounting and taxation causes a difference between accounting profit and taxable profit which can cause a difference in the amount of profit earned. So, it is necessary to adjust the balance between accounting profit and taxable profit through fiscal reconciliation. Fiscal reconciliation will produce two corrections, namely a positive correction and a negative correction. A positive correction will result in deferred tax assets, while a negative correction will result in a deferred tax expense.

Deferred tax is a calculation of the recognition of deferred tax assets and deferred tax expense based on the consequences of income tax that will arise as a result of differences in the value of assets and expenses between calculations according to accounting and according to taxation.

Deferred tax assets are the amount of income tax (PPh) that can be recovered in the coming period as a result of the accumulated uncompensated tax losses, deductible temporary differences and accumulated tax credits that have not been utilized in the event that the tax regulations permit.

Deferred tax expense is an expense incurred because of the difference between accounting profit, namely profit stated in the financial statements for the benefit of external parties and the taxable profit used as the basis for tax imposition.

The following is an example of a company reported in Devi (2018) that practices earnings management, namely PT Metropolitan Kentjana Tbk (MKPI) reported that the net profit found in 2011 was IDR 323 billion, 2012 IDR 363 billion, 2013 IDR 365 billion and 2014 amounting to IDR 437 billion.

In addition, PT Pudjiadi Prestige Limited Tbk (PU DP) reported that the net profit obtained in 2011 was IDR 21 billion, 2012 IDR 21.1 billion, 2013 IDR 26 billion and 2014 IDR 15 billion. This happens is the company's profit which tends to be stable and does not show significant fluctuations in earnings and this allows the practice of income smoothing in the company.

Regarding the case of construction and building companies that are indicated to have carried out earnings management, one of the ways is by beautifying their financial reports, such as PT Waskita Karya, where there were excess records in their financial reports in 2004-2008. The beginning of this case was revealed when reexamination of the balance sheet in the framework of

the initial issuance of shares in 2008. The new Waskita's main director is M. Choliq, who was previously the President Director of PT Adhi Karya (Persero) Tbk, he found that the records were inconsistent with finding excess records. in the amount of Rp. 400 billion. The Board of Directors in the previous period was suspected of having carried out financial engineering from 2004 to 2008 by entering the projected multi-year project revenue as a certain year.

Regarding the case of earnings management which was carried out by company management and previously described, it could have a negative impact due to the manipulation of financial statements which resulted in unreasonable results and covered the actual condition of the company. However, in some cases earnings management may be carried out to a certain level by providing good and efficient financial value information and the use of accounting methods that are in accordance with the company's operational activities so that it becomes the basis for decision making and does not harm third parties because company management carries out management. profit.

2. THEORY AND HYPOTHESIS DEVELOPMENT

Earnings Management

Earnings management is an action taken by company management in regulating earnings as desired by certain parties which are actually based on various objectives and specific intentions therein with the limits of accounting principles that govern what company management can do. Actions taken are in the form of increasing and / or decreasing the company's current profit without causing an increase and / or decrease in the company's long-term economic profit. To detect and determine earnings management carried out by company management, a formula developed with the Modified Jones model can be used as follows:

2.1 Determine the total accrual value by:

$$TA_{it} = NI_{it} - CFO_{it}$$

2.2 Determine the parameter values of α_1 , α_2 and α_3 using the Jones model formula by:

$$TA_{it} = \alpha_1 + \alpha_2 \Delta REV_{it} + \alpha_3 PPE_{it} + \epsilon_{it}$$

Then to scale the data, all these variables are divided by the previous year's assets (A_{it-1})

$$TA_{it} / A_{it-1} = \alpha_1 (1/A_{it-1}) + \alpha_2 (\Delta REV_{it} / A_{it-1}) + \alpha_3 (PPE_{it} / A_{it-1}) + \epsilon_{it}$$

2.3 Calculating the NDA value by:

$$NDA_{it} = \alpha_1 (1/A_{it-1}) + \alpha_2 (\Delta REV_{it} / A_{it-1} - \Delta REC_{it} / A_{it-1}) + \alpha_3 (PPE_{it} / A_{it-1})$$

2.4 Calculating the Discretionary Accrual value by:

$$DA_{it} = TA_{it} / A_{it-1} - NDA_{it}$$

Earnings Management Method

The forms of earnings management proposed by Scott in Herdawati (2015) are:

- a. Taking a bath, which is done by the manager by shifting the discretionary accrual costs from the future to the current period or shifting the accrual discretionary income from the current period to the future. This is done by the manager to maximize the compensation or bonus he will receive in the following year due to the fact that this year's bonus cannot be received.
- b. Income minimization (profit minimization), which is intended for tax consideration purposes by minimizing corporate tax obligations.
- c. Income maximization (profit maximization), which is intended to maximize manager bonuses, create good company performance so as to increase firm value (capital market considerations), delay violation of debt covenants, and managers can gain control over the company.
- d. Income smoothing (income smoothing), which is an action in which management smooths profit fluctuations from period to period by moving profits from periods with high profits to periods that have low profits.

Tax

According to Soemitro (2016), tax is a transfer of wealth from the people to the state treasury to finance routine expenditures and the surplus is used for public saving, the main source to finance public investment.

Fungsi Pajak

According to Halim et al. (2014: 4), it appears that there are two tax functions as follows:

- a. Receiving Function (Budgetair)
Taxes provide the largest contribution to state revenue, approximately 60-70 percent of tax revenue meets the state budget posture. Therefore, taxes are a source of government revenue to finance development expenditures.
Example: tax revenue as a source of APBN revenue.
- b. Function Set (Regular)
Taxes serve as a tool to regulate or implement government policies in the social and economic fields.
Examples of tax as a regulatory function include:
 1. Provide tax incentives (tax holidays) to encourage increased government policies in the social and economic fields.
 2. Imposing high taxes on liquor to reduce alcohol consumption.
 3. Imposing a zero percent tax rate on exports to encourage increased exports of domestic products.

Deferred Tax

Deferred tax in the aspect of taxation is a tax burden or tax benefit that can have the effect of increasing or reducing the tax burden for the year concerned. Meanwhile, from an accounting point of view, deferred tax can be understood from two points of view, namely as an asset and liability account.

Deferred Tax Assests

Deferred tax assets are the amount of income tax that will be recovered in future periods (recoverable) as a result of a future deductible amount in the calculation of future taxable income (reducing future taxable income) in the future when the carrying amount of the asset is recovered or the carrying amount of the liability is paid and the remaining compensation for losses if future taxable income is sufficient to be compensated.

Deferred tax assets can occur because the company pays tax with an amount greater than that stated in the financial statements, the tax authorities recognize income or expenses at a different time from the accounting standards used by the company in its financial statements and / or the company pays the tax before the due date. (prepaid taxes).

In this study, deferred tax assets are independent variables that can be measured by the change in the value of deferred tax assets in period t with t-1 divided by the value of deferred tax assets at the end of period t.

$$APT_{it} = \frac{\Delta \text{aktiva pajak tangguhan}_{it}}{\text{aktiva pajak tangguhan}_{t}}$$

Deferred Tax Expenses

Deferred tax expense is the amount of income tax payable for future periods (payable) as a result of temporary differences that give rise to a future taxable amount in the calculation of future taxable income for future periods when the asset's carrying value is recovered or its value. carrying expenses paid.

Temporary differences that will result in deferred tax expenses include interest income included in accounting profit on a time proportion basis, depreciation used in calculating taxable profit (loss) may differ from depreciation used in calculating accounting profit and development costs can be capitalized and amortized over the period. future in determining accounting earnings. In addition, although taxable temporary differences can be recognized as deferred tax expense, unless a taxable temporary difference arises from the initial recognition of goodwill, at the initial recognition of an asset or liability from a transaction that is not a business combination transaction and at the time the transaction does not affect accounting profit or taxable profit (loss).

This is done to weight deferred tax expense by total assets in period t-1 so that the calculated value is proportional.

$$DTE_{it} = \frac{\text{beban pajak tangguhan}}{\text{total asset}_{t-1}}$$

HYPOTHESIS DEVELOPMENT

Deferred Tax Asset Relation to Earnings Management

One of the indicators for company management in carrying out earnings management is deferred tax assets. Deferred tax assets can occur if there is a temporary difference between accounting profit that is greater than taxable profit. With a higher accounting profit than taxable profit, it can cause the company to postpone taxes payable in future periods. In addition, if the deferred tax assets are getting bigger, the company's management will also be able to carry out earnings management so that the report that is presented remains in good condition.

Based on the results of research conducted by Purba and Angela (2016), it is said that deferred tax assets have a significant effect each year in carrying out earnings management

practices, because deferred tax assets have increased, the higher the company management is to carry out earnings management. So, from that the following hypothesis is formed:

Ha1: Deferred tax assets affect earnings management

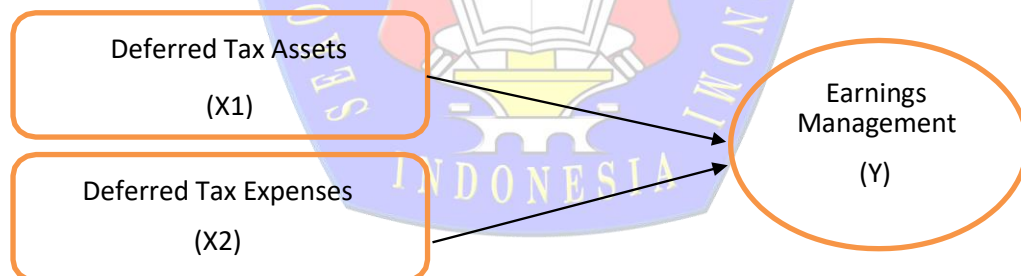
Deferred Tax Expense Relation to Earnings Management

Deferred tax expense may occur due to temporary differences between accounting profit and taxable profit. Where is what is meant by accounting profit, namely profit that is presented in the financial statements as the interest of external parties. Meanwhile, taxable profit is the nominal profit that is used as the basis for calculating tax. The difference between accounting profit and taxable profit if the result is a negative difference and a negative correction occurs which results in a deferred tax expense and company management can carry out earnings management because deferred tax expense can lowering a level of profit earned by the company.

Based on research conducted by Yoppy (2016), deferred tax expense has a positive and significant relationship with the company's probability of managing earnings with the aim of avoiding losses that will be experienced by the company. So, from that the following hypothesis is formed:

Ha2 : Deferred tax expense affects earnings management.

Based on the theory and the formation of the hypothesis that results from the relationship between the research variables above, the formation of the framework in this study shows the influence of the independent variable on the dependent variable. The independent variables in this study are deferred tax assets and deferred tax expenses. While the dependent variable is earnings management. The framework in this research can be seen in Figure 2.1 below:



Picture 2.1 framework

3. RESEARCH METHOD

The strategy used in this research is associative. This type of research used in this research is quantitative research with research in the form of numbers by analyzing using statistical tests. According to Sugiyono (2017: 8) the notion of quantitative methods is a research method based on the philosophy of positivity that is used to research a particular population or sample, data collection uses research instruments, data analysis is quantitative or statistical, with the aim of testing predetermined hypotheses.

Population is a generalization area consisting of objects or subjects that have certain qualities and characteristics that are determined by researchers to study and then draw conclusions (Sugiyono 2017: 80). In this study, the population used is a company engaged in the property, real estate and building construction sub-sector which is listed on the Indonesia Stock Exchange (IDX)

for the 2016-2019 period with a total of 80 companies, obtained through the official website of the Indonesia Stock Exchange, namely www.idx.co.id.

The sample is part of the number and characteristics of the population (Sugiyono, 2017: 81). The sampling method used was nonprobability sampling with purposive sampling technique. Purposive sampling is a sampling technique based on certain considerations based on research objectives. The considerations or criteria in this study include :

- 1) Companies engaged in the property, real estate and building construction sub-sector and are listed on the Indonesia Stock Exchange 2016-2019
- 2) The company was not delisted
- 3) The company did not have an IPO above 2016
- 4) Companies that report financial statements as of December 31 in rupiah currency (IDR) which have been audited and published in 2016-2019
- 5) The company reported deferred tax assets and deferred tax expense in 2016-2019
- 6) The company made a profit in 2016-2019.

Based on several criteria that have been determined above. So, the number of samples used was 9 companies. Testing the hypothesis of this study using multiple linear regression using the E-views v.10.0 application which has the following equation :

$$DA_{it} = \beta_0 + \beta_1 APT_{it} + \beta_2 DTE_{it} + \beta_3 TRR_{it} + e_{it} \dots\dots\dots 3.1$$

Keterangan:

- DA_{it} = T-year earnings management
 β₀ = Constant
 β₁, β₂, β₃ = Regression Coefficient
 APT_{it} = Deferred tax assets i and year t
 DTE_{it} = Deferred tax expense i year t
 e_{it} = error terms for company i and year t

4. RESULT

Descriptive Statistical Analysis

Descriptive Statistics Test Results

	EARNINGS MANAGEMENT	DEFERRED TAX ASSETS	DEFERRED TAX EXPENSES
Mean	-0.037211	1.131821	0.003704
Maximum	1.71888	7.052198	0.001849
Minimum	-1.939878	0.035453	0.0000258
Std. Dev.	0.824433	1.159226	0.004366
Observations	36	36	36

Source: Data Processing Results with Eviews Version 10.0

Based on the descriptive statistics above, it can be described as follows :

1. The earnings management variable measured using DA has a minimum value of -1.939878 and a maximum of 1.71888. These results indicate that the intensity of fixed assets has a mean value of -0.037211 and a standard deviation of 0.824433.
2. The variable of deferred tax assets has a minimum value of 0.035453. Meanwhile, the maximum value is 7.052198, and results in an average (mean) company risk value of 1.131821 with a standard deviation of 1.159226.
3. The variable of deferred tax expense has the highest minimum value of 0.0000258. Meanwhile, the maximum value is 0.001849, and results in an average (mean) value of political connections of 0.003704 with a standard deviation of 0.004366.

Panel Data Regression Model Selection

Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects
 Null hypotheses: No effects
 Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	3.883239 (0.0388)	17.26866 (0.0000)	21.15190 (0.0000)

Source: Panel Data Regression Output Eviews 10.0

The results of the Lagrange Multiplier test, random effect model vs common effect model above, obtained a cross section of Breusch-food <0.05, namely 0.0388 <0.05, so the hypothesis H0 is rejected and H1 is accepted, which means that the Random Effect Model (REM) model is more appropriate to use.

Chow Test Results

Redundant Fixed Effects Tests
 Equation: Untitled
 Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	0.169945	(8,25)	0.9931
Cross-section Chi-square	1.906389	8	0.9837

Source: Panel Data Regression Output Eviews 10.0

The results of the chow test, common effect model vs fixed effect model above, obtained a probability value (P-value) of cross section F of $0.09931 > 0.05$, so the hypothesis H_0 is accepted and H_1 is rejected, which means that the Common Effect Model (CEM) model is more appropriate to use.

Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.233769	2	0.8897

Source: Panel Data Regression Output Eviews 10.0

The results of the hausman test, the random effect model vs the fixed effect model above, obtained a random cross section probability (P-value) of $0.8897 > 0.05$, so the hypothesis H_0 is accepted and H_1 is rejected, which means that the Random Effect Model (REM) model is more appropriate to use.

Panel Data Regression Estimation Method

Common Effect Model (CEM)

Common effect model only combines cross section with time series. The pooled least square approach is used to estimate the combination using the OLS (Ordinary Least Square) approach. This model does not pay attention to the dimensions of the company or time, so it can be assumed that the behavior between companies is the same in various time periods. The following are the results of the regression using the common effect model:

Panel Model Data Regression Results

Common Effect Model

Dependent Variable: MANAJEMEN_LABA
Method: Panel Least Squares
Date: 09/09/20 Time: 13:29
Sample: 2016 2019
Periods included: 4
Cross-sections included: 9
Total panel (balanced) observations: 36

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.132461	0.234881	0.563949	0.5766
ASET_PAJAK_TANGGUHAN	0.084677	0.123028	0.688276	0.4961
BEBAN_PAJAK_TANGGUHAN	-0.159258	32.66750	-0.004875	0.9961

Source: Panel Data Regression Output Eviews 10.0

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Based on the regression results with the Common Effect Model (CEM), it shows that there is a constant value of 0.132461 with a probability of 0.5766. The common effect model regression equation has an adjusted R2 of 0.455610, explaining that the deferred tax asset variable and deferred tax expense are 45.561% and the remaining 54.439% is influenced by other independent variables not examined in the study.

Fixed Effect Model (FEM)

This technique assumes that there are differences in the intercept between companies. Even though the intercept is different for each company, each intercept does not change over time (time variant), but the coefficient (slope) of each independent variable is the same for each company and over time. The following are the results of the regression using the fixed effect model.

Panel Data Regression Results *Fixed Model*

Dependent Variable: MANAJEMEN_LABA
Method: Panel Least Squares
Date: 09/09/20 Time: 13:20
Sample: 2016 2019
Periods included: 4
Cross-sections included: 9
Total panel (balanced) observations: 36

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.209392	0.387149	-0.540856	0.5934
ASET_PAJAK_TANGGUHAN	0.124736	0.161774	0.771049	0.4479
BEBAN_PAJAK_TANGGUHAN	-8.370336	80.38292	-0.104131	0.9179

Source: Panel Data Regression Output Eviews 10.0

Based on the regression results using the Fixed Effect Model (FEM), it shows that there is a constant value of -0.209392 with a probability of 0.5934. The fixed effect model regression equation has an adjusted R2 of 0.308957, explaining that the variable deferred tax asset and deferred tax expense is 30.8957% and the remaining 69.1043% is influenced by other independent variables not examined in the study.

Random Effect Model (REM)

The Random Effect Model is a regression estimation model assuming constant slope coefficients and different intercepts between individuals and over time. The following are the results of the regression using the random effect model. The following are the results of the regression using the random effect model.

Panel Data Regression Results *Random Effect Model*

Dependent Variable: MANAJEMEN_LABA
Method: Panel EGLS (Cross-section random effects)
Date: 09/09/20 Time: 13:23
Sample: 2016 2019
Periods included: 4

Cross-sections included: 9
 Total panel (balanced) observations: 36
 Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.132461	0.262806	0.504025	0.6176
ASET_PAJAK_TANGGUHAN	0.084677	0.137655	2.615141	0.0427
BEBAN_PAJAK_TANGGUHAN	-2.159258	36.55138	-0.004357	0.9965

Source: Panel Data Regression Output Eviews 10.0

Based on the results of regression with the Random Effect Model (REM), it shows that there is a constant value of 0.132461 with a probability of 0.6176. The random effect model regression equation has an adjusted R2 of 0.455610, explaining that the variables of deferred tax assets and deferred tax expense are 45.561% and the remaining 54.439% is influenced by other independent variables not examined in the study.

Panel Data Regression Analysis

Panel data regression analysis aims to test the extent of the influence of independent variables on the dependent variable that there are several companies in several time periods.

Results of Panel Data Regression Analysis and t test

Dependent Variable: MANAJEMEN_LABA
 Method: Panel EGLS (Cross-section random effects)
 Date: 09/09/20 Time: 13:23
 Sample: 2016 2019
 Periods included: 4
 Cross-sections included: 9
 Total panel (balanced) observations: 36
 Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.132461	0.262806	0.504025	0.6176
ASET_PAJAK_TANGGUHAN	0.084677	0.137655	2.615141	0.0427
BEBAN_PAJAK_TANGGUHAN	-2.159258	36.55138	-0.004357	0.9965

Source: Panel Data Regression Output Eviews 10.0

Based on the table of panel data regression analysis above, the panel data regression equation can be formulated as follows:

$$\text{Earnings Management} = 0.132461 + 0.084677 \text{ Deferred Tax Assets} - 2.159258 \text{ Deferred Tax Expense}$$

T test

This t statistical test aims to determine the effect of each independent variable on the dependent variable. To determine whether the hypothesis is accepted or rejected by comparing t count with t table and a significance value with a significance level in this study, namely $\alpha = 5\%$

0.05. If $t_{count} > t_{table}$, the independent variable has an influence on the dependent variable, on the other hand, if $t_{count} < t_{table}$, the independent variable has no influence on the dependent variable.

First Hypothesis (H1)

The first hypothesis in this study is that deferred tax assets have an effect on earnings management. The results of statistical tests show that the probability result is smaller than the significance level ($0.0427 < 0.05$) and the t-count value is greater than t table ($2.615141 > 2.034515$). So it can be concluded that deferred tax assets have an effect on earnings management. Based on the test results above, it can be concluded that H1 which states that deferred tax assets affect earnings management, is accepted.

Second Hypothesis (H2)

The second hypothesis in this study is that deferred tax expense has an effect on earnings management. The results of statistical tests show that the probability value is greater than the significance level ($0.9965 > 0.05$) and the tcount value is smaller than the t table ($-0.004357 < 2.034515$). So it can be concluded that deferred tax expense has no effect on earnings management. Based on the test results above, it can be concluded that H2 which states that deferred tax expense affects earnings management, is rejected.

Determination Coefficient Test

The coefficient of determination test in this study is indicated by the Adjusted R-Square value. The Adjusted R-Square value of the regression model is used to determine how much the ability of the independent variable to explain the dependent variable.

Determination Coefficient Test Results

Dependent Variable: MANAJEMEN_LABA
 Method: Panel EGLS (Cross-section random effects)
 Date: 09/09/20 Time: 13:23
 Sample: 2016 2019
 Periods included: 4
 Cross-sections included: 9
 Total panel (balanced) observations: 36
 Swamy and Arora estimator of component variances

Weighted Statistics			
R-squared	0.014185	Mean dependent var	-0.037211
Adjusted R-squared	0.455610	S.D. dependent var	0.824433
S.E. of regression	0.843005	Sum squared resid	23.45167
F-statistic	20.237423	Durbin-Watson stat	2.858406
Prob(F-statistic)	0.000193		

Source: Panel Data Regression Output Eviews 10.0

The coefficient of determination as seen from adjusted R2 is 0.455610 or 45.561%. So, this means that all independent variables are able to explain the variation of the dependent variable by 45,561% while the remaining 54,439% of (100% - 45,561%) are explained by other independent variables that are not included in this study.

5. CONCLUSIONS AND LIMITATIONS

CONCLUSION

Based on the results of the research and discussion above, conclusions can be drawn:

1. Deferred tax assets affect earnings management in companies listed on the Indonesia Stock Exchange with the property, real estate and building construction sub-sector for the 2016-2019 period. This can be seen from the probability results smaller than the significance level ($0.0427 < 0.05$) and the tcount value is greater than t table ($2.615141 > 2.034515$). The coefficient of deferred tax assets is 0.0427, which means that when there is an increase in deferred tax assets by one unit, it will increase earnings management by the coefficient figure, namely 0.0427. This is based on the presence of the recoverable income tax amount in future periods as a result of temporary differences that are deducted from expenses in calculating taxable income and the remaining compensation for losses. So, if the deferred tax assets increase, the earnings management carried out by the company management will be higher. This research is in line with research conducted by Dita (2018), Wisudaningtyas (2019) and Lucy (2016) which state that deferred tax assets have a positive and significant effect on earnings management. In contrast to research conducted by Devi (2018), Zulaikha (2016) and Marcel (2018) which state that deferred tax assets have no effect on earnings management.
2. Deferred tax expense has no effect on earnings management in companies listed on the Indonesia Stock Exchange with the property, real estate and building construction sub-sector with the 2016-2019 period. This can be seen from the probability value is greater than the significance level ($0.9965 > 0.05$) and the tcount value is smaller than the t table ($-0.004357 < 2.034515$) The coefficient of deferred tax burden is positive at 0.9965, this value is greater than the significance level and the tcount value is negative of -0.004357. This is based on the fact that the deferred tax burden can reduce the profit earned by the company and because of the regulation regarding deferred tax burden which has been regulated in accordance with tax regulations that limit company management in choosing policies to prepare fiscal financial reports, so that it is not or less effective if it increases the deferred tax burden in earnings management practices.

LIMITATIONS

Based on the limitations of the above research, the researcher can provide suggestions to further researchers in order to develop further research, namely:

1. Researchers who are interested in studying the same problem should conduct research with a more recent period.
2. Researchers who are interested in examining the same problem can conduct research with different subsectors of companies.
3. For researchers who want to continue this research, if they can add additional variables that are not yet in this study, such as moderating or intervening variables.
4. For further researchers, they can add other independent variables that are not in this study such as Current Tax Expense, Leverage, Debt to Equity Ratio.

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