



## The Analysis of Factors and Moderation of Book Tax Difference on The Property Real Estate

Sandhiny Permata Sari, Fachrurrozie✉

Jurusan Akuntansi, Fakultas Ekonomi, Universitas Negeri Semarang, Indonesia

### Article History

Received June 2016  
Approved July 2016  
Published August 2016

#### Keywords:

Cash Flow; Book Tax Difference; Accrual Earning; Leverage; Earning Persistence

### Abstrak

Tujuan penelitian ini untuk menganalisis pengaruh variabel aliran kas, leverage, book tax difference terhadap persistensi laba dengan komponen laba akrual sebagai variabel moderasi pada perusahaan property dan real estate yang terdaftar di Bursa Efek Indonesia tahun 2011-2013. Penelitian ini menggunakan data sekunder yaitu laporan keuangan dengan metode purposive sampling dimana jumlah sampel 16 perusahaan lolos kriteria dengan tiga tahun pengamatan. Hipotesis penelitian diuji menggunakan uji asumsi klasik, analisis deskriptif dan regresi linier berganda dengan variabel moderating dengan  $\alpha$  0.05. Hasil penelitian menunjukkan variabel aliran kas tidak berpengaruh secara signifikan terhadap persistensi laba ( $0.747 > 0.05$ ). Variabel leverage dengan arah positif berpengaruh signifikan terhadap persistensi laba ( $0.11 < 0.05$ ). Variabel book tax difference dengan arah negatif berpengaruh signifikan terhadap persistensi laba ( $0.007 < 0.05$ ). Variabel komponen laba akrual tidak berpengaruh signifikan terhadap hubungan antara book tax difference terhadap persistensi laba ( $0.235 > 0.05$ ). Simpulan penelitian ini leverage dan book tax difference berpengaruh signifikan terhadap persistensi laba, sedangkan aliran kas tidak berpengaruh signifikan dan komponen laba akrual gagal memperkuat atau memperlemah hubungan antara book tax difference dengan persistensi laba.

### Abstract

The study aimed to analyze the influence of cash flow, leverage, and book tax difference to the earnings persistence moderated by accrual earning component at the property and real estate companies listed on the Indonesia Stock Exchange in the period 2011-2013. The study used secondary data that financials reports with purposive sampling method where 16 companies fix sample with three years observation. The hypothesis was tested by classical assumptions, descriptive analysis and multiple linier regression with moderating variable with  $\alpha$  0.05. The results showed that cash flow did not significantly influence to the earnings persistence ( $0.747 > 0.05$ ). Leverage affecting positively, significantly influence to the earnings persistence ( $0.11 < 0.05$ ). Book tax difference affecting negatively significantly influence to the earnings persistence ( $0.007 < 0.05$ ). And accrual component did not significantly influence to the relation between of book tax difference and earnings persistence ( $0.235 > 0.05$ ). The conclusion of this study are leverage and book tax difference significantly influence to earning persistence while cash flow did not significantly influence and accrual component fail to strengthen or weaken between book tax difference and earning persistence.

© 2016 Universitas Negeri Semarang

✉ Correspondence Author:

Gedung L2 Lantai 2 FE Unnes  
Kampus Sekaran, Gunungpati, Semarang, 50229  
Email: fachrurais@mail.unnes.ac.id

ISSN 2252-6765

## INTRODUCTION

Earnings information is the most crucial element and has a big role for stakeholders, especially investors. Investors are private or foreign parties investing with the expectation of a return in the future. An earning information will be useful, if the earning as part of the qualified financial statements. Qualified earnings is earnings that reflect sustainable earnings in the future which determined accrual component and its cash flow based on (Penman, 2001). Earnings persistence is an earning property that explains company's ability to maintain current profits until the future (Wijayanti, 2006). Investors are required not to focus on aggregate earnings merely, because it can lead to errors in market pricing. Sloan (1996) explains that investors are naive, that investors are only based on aggregate earning only.

This is hitted by several corporate phenomena that lose their profits quickly and significantly. PT Modernland Realty Tbk (MDLN) in 2014 experienced a net profit decrease for 70.98 percent from 2013 (wartaekonomi.co.id). PT Plaza Indonesia Realty Tbk (PLIN), which posted a net profit in 2013 as big as Rp 33.34 billion or 85.8 percent drop compared to the previous year in 2012 as big as Rp 234.73 billion (ekbis.sindonews.com). Then the latter case was a property company which caught a bribery case of PT Sentul City Tbk (BKSL), which posted a net profit decrease throughout 2014. The company posted net profit of Rp 40.79 billion to a drastic decrease of 93.26 percent from the acquisition of 2013 amounting to Rp 605.25 billion (cnnindonesia .com). The phenomenon above cause earnings persistence to be questioned because profits with steep decline fluctuations in a short time indicate the profit is not able to maintain current profits and ensure future earnings.

Earnings persistence is one component of earnings prediction value in determining earning quality, and the earnings persistence is determined by the component of accruals and cash flow of current profits, representing the transitory nature of earnings permanent (Hanlon, 2005). Research of Sloan (1996) mentions the performance of earnings can be attributed from the components of cash flows and accruals of profit. Cash flow data is also mentioned as a good financial indicator due to cash flow statement is relatively easy to be interpreted and this cash flow is often used as a check on earning quality (Asma, 2013). Another factor mentioned in Fanani (2010) is high debt levels can provide stronger incentives for managers to manage earnings on acceptable procedures so that the level of corporate debt will cause the company to increase earnings persistence in order to maintain good performance in the eyes of investors and auditors. Irawati (2012) states that knowing how much corporate assets financed by debt can know financial balance in the use of funds, which can affect the quality of earnings. Then, book tax difference or difference in accounting profit and fiscal profit in tax analysis become one method to assess the quality of corporate earnings (Wijayanti, 2006). Research of Hanlon (2005) mentions that investors can interpret a large book tax difference as a red flag and reduce their expectation on earnings persistence in the future. The amount of book tax difference in Tang (2006) that appears indicates the level of management manipulation. This means that indirectly book tax differences can be regarded as an indication of the low quality of earnings. The logic underlies that there is more stringent regulation in the measurement of fiscal profit, so the difference between accounting earnings and fiscal earnings can provide information about management discretion in accrual process.

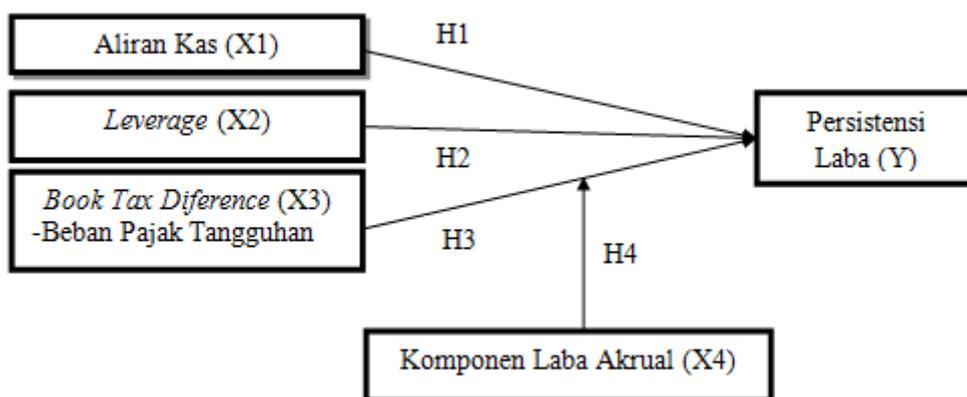
This agency theory explains between the agent (management) and the principal (owner) assumed to be motivated by their own interests, so oftentimes the interests between the two clash (Lubis, 2014). Management uses more accounting methods to reduce fluctuations in earnings than to maximize or minimize profits and do so hope to maintain the stability, so the performance of a company is considered sustainable (Rosanti, 2013). While signalling theory provides an understanding, that the information provided by management to outsiders, will be a signal for the market. Companies can improve persistent earnings quality by reducing information asymmetry that

is by signalling outsiders, one of which is positive and credible financial information that will reduce uncertainty about future prospects.

The background underlies this study to re-analyze the effect of cash flow, leverage, and book tax difference on earnings persistence with accrual earning component as a moderating variable. In order to know the effect of each independent variable that is cash flow, leverage, book tax difference and role of moderation variable that is accrual earning in the relationship between book tax difference and earnings persistence. An important issue of earning persistence because investors have an interest in future management performance is reflected in future earnings. So that, later financial decision makers can use earnings information appropriately and help decision makers in the future.

Cash flow statement reports cash flows over a certain period and is classified according to operating, investing and financing activities. Cash flows are primarily derived primarily from business operations. Operating cash flows are often used as checks for earning quality (Asthma, 2013). Operating cash flow as a proxy which is cash inflows and cash outflows of operating activities before tax which is calculated as total operating cash flow plus income tax then divided by total assets (Wijayanti, 2006). Leverage is used to describe the ability of companies to use assets or funds that have a fixed burden to increase the income level for the corporate owner. Debt Asset Ratio (DAR) is used as a proxy to find out how much debt in financing production assets to improve results that will indirectly encourage its performance to be viewed well by both investors and creditors. Book tax difference or difference of accounting earning with fiscal profit, the existence of two types of earnings are causing profits generated by companies different so that affect the quality of earnings. Since persistence is one of the characteristics of learning relevancy, the greater the difference between accounting earning and fiscal earning of corporate earnings persistence will be smaller and vice versa. The underlying logic is that not all rules of accounting in the Financial Accounting Standards are allowed tax rules. Deferred tax expense arises from temporary differences between accounting earnings (for financial statement purposes) and fiscal earning (for the benefit of tax basis) as a detection of earnings management (Yulianti, 2005). The calculation of deferred tax expense is calculated by weighing deferred tax expense with total assets of the previous year. It is done to obtain a calculated value proportionally. The value of deferred tax expense is in the financial statements that is income statement.

Based on the explanation above, then this study can be described as follows:



**Figure 1.**Model of Theoretical Framework

Based on the theoretical framework that has been presented, the research hypothesis that could be concluded from the assumptions above were as follows:

H1: Cash flow has a significant positive effect on earnings persistence.

H2: Leverage has a significant positive effect on earnings persistence.

H3: Book tax difference has a significant negative effect on earnings persistence.

H4: Book tax difference has a significant negative effect on earnings persistence moderated by the components of accrual earning.

## METHODS

The type of research used was quantitative research. Data used in this study was the data of financial statements of property and real estate companies listed on the Indonesia Stock Exchange in 2011-2013. The population in this study was property and real estate companies listed in Indonesia Stock Exchange (IDX) in 2011-2013. Technique used in the sample selection of this research was purposive sampling. The variables in this study were divided into dependent variable, independent variable, and moderating variable. Dependent variable in this research was earnings persistence. Independent variables used in this research were cash flow, leverage, and book tax difference. Moderating variable in this study was the component of accrual earning.

Dependent variable (Y) was earnings persistence in this case the more permanent profit from period to next period then this would reflect the profit obtained by the company increased continuously. Earnings persistence was measured by using regression coefficient  $y_1$  between accounting profit before tax of a future period and accounting profit before the current period. Independent variable of Cash flow (X1) Operating cash flow was primarily obtained from corporate business activities. Cash inflows and cash outflows from operating activities before tax were calculated as total operating cash flow plus income tax then divided by total assets.

Leverage (X2) was calculated by debt asset ratio (DAR) which described the ratio of debt to total assets. Book tax difference (X3) was the difference between accounting earning and fiscal earning, where deferred tax expense was selected as a proxy of book tax difference. The calculation of deferred tax expense was calculated by weighing deferred tax expense with total assets of the previous year. It was done to obtain a calculated value proportionally. The value of deferred tax expense was in the financial statements of income statement. The moderating variable of accrual earning component (X4) represented the accrual earning was the profit resulting from the recognition of economic transactions without cash flow, the measurement of the accrual earning component with Healy Model (1985) in Philips, Pincus and Rego (2003) profit before tax minus operating cash flow then divided by total assets.

Data collection technique in this study used documentation technique, where researchers looked for data from financial statements that exist on the Indonesia Stock Exchange (IDX). Secondary data was taken from the balance sheet, income statement, cash flow statement and notes on the financial statements of each manufacturing company in accordance with sample selection criteria. Data analysis techniques used in this study was regression analysis technique consisting of descriptive statistical analysis technique and inferential analysis technique. Hypothesis testing used multiple regression analysis by containing the interaction element of multiplication of two or more independent variables.

Regression equation in this research was as follows:

$$PRST = y_0 + y_1 AKO + y_2 LRV + y_3 BTD + y_4 ACC + y_5 ACC * BTD + \varepsilon$$

Notes:

$y_0$  = Contants

$y_1, y_2, \dots, y_5$  = Population regression equation coefficient

PRST = Earnings Persistences

AKO = Cash Flow

LRV = Leverage

ACC = Component of Accrual Earning

BTD = Book Tax Difference

## RESULTS AND DISCUSSIONS

Here was the result of descriptive statistical analysis using SPSS 21:

**Tabel 1.** Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
PRST	48	-.96	3.93	.4011	.76919
AKO	48	-.34	.30	.0764	.10466
LVR	48	.13	.74	.4406	.15722
BTD	48	-.0019	.0051	.000137	.0010211
ACC	48	-.29	.37	-.0030	.10427
Valid N (listwise)	48				

Source: Secondary data which processed in 2016

Earnings persistence variable (PRST) had the minimum value of -0.96 owned by PT Intiland Development Tbk (DILD) in 2011. The maximum value of 3.93 was owned by PT Modernland Realty Ltd Tbk (MDLN) in 2012. Standard deviation of this variable was 0.76919 and the mean value was 0.4011. The mean value was less than the standard deviation indicated that PRST data in this study was spread or varied. Cash flow variable (AKO) had the minimum value of -0.34 owned by PT Gowa Makassar Tourism Development Tbk (GMTD) in 2013. The maximum value of 0.30 was owned by PT Gowa Makassar Tourism Development Tbk in 2012. Standard Deviation of this variable was 0.10466 and the mean value was 0.0764. The mean value was less than the standard deviation indicated that AKO data in this study was spread or varied.

Leverage variable (LVR) had the minimum value of 0.13 owned by PT Sentul City Tbk (BKSL) in 2011. The maximum value of 0.74 owned by PT Gowa Makassar Tourism Development Tbk (GMTD) in 2012. Standard Deviation of this variable was 0.15722 and the mean value was 0.4406. The mean value was greater than the standard deviation indicated that LVR data was clustered or not varied. Book tax difference (BTD) variable had the minimum value of -0.0019 owned by PT Modernland Realty Ltd Tbk in 2012. The maximum value of 0.0051 was owned by PT Plaza Indonesia Realty Tbk (PLIN) in 2013. Standard Deviation of this variable was 0.0010211 and the mean value was 0.000137. The mean value was less than the standard deviation indicated that PRST data in this study was spreading or varying. The variable of accrual earning component (ACR) had the minimum value of -0.29 owned by PT Gowa Makassar Tourism Development Tbk (GMTD) in 2012. The maximum value of 0.37 was owned by PT Gowa Makassar Tourism Development Tbk (GMTD) in 2013. Standard Deviation of this variable was 0.10427 and the mean value was -0.0030. The mean value was less than the standard deviation indicated that ACC data in this study was spread or varied.

The test result of Kolmogorov-Smirnov value was 0.802 and not significant at 0.05 because (Asymp Sig. (2-tailed)) was 0.540 (0.540 > 0.05) so that residual data was normally distributed. The result of multicollinearity test was there was no an independent variable that had a tolerance value less than 0.10 and VIF calculation also showed the same there was no independent variable had a VIF value greater than 10, so there was no multicollinearity between independent variables in the regression model. The results of autocorrelation test, Durbin-Watson value (DW) of 1.763 was greater than upper limit (du) of 1.7206 and less than 4 - 1.7206 (4 - du) or 1.7206 < 1.763 < 2.2794 (du < d < 4-du). So it could be stated that there was no positive or negative autocorrelation and

concluded there was no autocorrelation in the model. The heteroscedasticity result of Park test showed the parameter coefficients for the independent variables were not statistically significant affect the dependent variable of LNU2I value. This could be seen from the probability of significance above 5% confidence level, it could be concluded that the regression model was feasible and free from the problem of heteroscedasticity. The result of multiple regression analysis known coefficient of determination Adjusted R Square was 0.192. which meant earnings persistence (PRST) could be explained by independent variables, namely cash flow (AKO), leverage (LVR), book tax difference (BTD) and interaction between book tax difference (BTD) and accrual earning component (ACC) as big as 19.2 % while the remaining 80.8% was explained by other causes not being examined in this study.

**Table 2.** Multiple Regression Analysis

Model	Unstandardized Coefficients			T	Sig.
	B	Std. Error	Beta		
(Constant)	-.316	.301		-1.048	.301
1 AKO	-.326	1.003	-.044	-.325	.747
LVR	1.742	.652	.356	2.674	.011
BTD	-332.771	117.799	-.442	-2.825	.007
MDRT_ACC	-1159.829	962.425	-.190	-1.205	.235

a. Dependent Variable: PRST

Source: Secondary data which processed in 2016

Based on the result of Table 2, then it could be written regression equation as follows:

$$PRST = -0.316 - 0.326 AKO + 1.742 LVR - 332.771 BTD - 1159.829 MDRT\_ACC$$

Cash Flow Coefficient (AKO) was -0.326 with t count value equal to -0.325. Because t count -0.325 was smaller than t table 2.0167 and significance value 0.747 was greater than 0.05 thus  $H_a$  was rejected. It showed that there was no significant effect between cash flow to earnings persistence, so hypothesis 1 was rejected. The coefficient of leverage (LVR) was 1.742 with t count equal to 2.674. Because t count 2.674 was larger than t table 2.0167 reinforced with significance value of 0.011 which was smaller than 0.05 thus  $H_a$  was accepted. It showed that leverage positively affected earnings persistence, so hypothesis 2 was accepted.

The coefficient of Book Tax Difference (BTD) was -332.771 with t count equal to -2.825. Because t count 2.825 was bigger than t table 2.0167 and significance value of 0.009 smaller than 0.05, thus  $H_a$  was accepted. It showed that book tax difference negatively affected earnings persistence, so hypothesis 3 was accepted. Accrual earning component, in SPSS output result showed coefficient value equal to -1159.829 with t count equal to -1.205. Because t count 1.205 was smaller than t table 2.0167 and significance value of 0.235 was greater than 0.05, thus  $H_a$  was rejected. It showed that the moderating variable that is the component of accrual earning failed to strengthen or weaken the relationship of book tax difference to profit persistence, so hypothesis 4 was rejected.

## CONCLUSIONS

Based on the result of hypothesis test above, conclusion in this research is there is no significant influence between cash flow to earnings persistence. There is a positive significant influence between leverage to earnings persistence. There is a significant negative influence between book tax differences on earnings persistence. There is no significant effect of the component of

accrual earning on the relationship between book tax difference to earnings persistence, it can be concluded that the variable of accrual earning component is not or fails to be moderating variable. Suggestions for further research, in cash flow can use other measurements such as free cash flow and on the accrual component can use discretionary accrual and even non-discretionary accruals may yield better research results.

## REFERENCES

- Asma, Tuti Nur. 2013. "Pengaruh Aliran Kas dan Perbedaan Laba AKuntansi dengan Laba Fiskal Terhadap Persistensi Laba". *Skripsi*. Fakultas Ekonomi Universitas Negeri Padang.
- Fanani, Zaenal. 2008. Analisis Faktor-faktor Persistensi Laba. *Jurnal Akuntansi dan Keuangan Indonesia* Volume 7 No 1, Juni 2010.
- Hanlon, Michelle. 2005. "The Persistence and Price of Earnings, Accruals, and Cash Flows When Firms Have Large Book-Tax Differences. *The Accounting Review*. Vol.80, No.1 hal 137-166.  
<http://investasi.kontan.co.id/news/kinerja-lpkr-anjlok-79-tahun-2015-kemarin>. Diunduh Kamis, 12 Mei 2016 | 10:05  
<http://ekbis.sindonews.com/read/861351/32/laba-bersih-plaza-indonesia-anjlok-85-8-1399460607>. Diunduh Kamis, 12 Mei 2016 | 11:01  
<http://wartaekonomi.co.id/read/2015/03/27/51013/wow-laba-modernland-realty-turun-drastis.html>. Diunduh Kamis, 12 Mei 2016 | 11:21
- Irawati, Dhian Eka. 2012. Pengaruh Struktur Modal, Pertumbuhan Laba, Ukuran Perusahaan dan Likuiditas terhadap Kualitas Laba. *Accounting Analysis Journal*. AAJ 1 (2) Jurusan Akuntansi Fakultas Ekonomi Unniversitas Negeri Semarang.
- Lubis, Arfan ikhsan, 2014. *Akuntansi Keperilakuan Edisi 2*. Jakarta; Salemba Empat.
- Penman, S.H. dan X.J Zhang. 2001. *Accounting Conservation, the Quality of Earning and Stock Retrurns. Working Paper*. Sosial Sience Research Network;1-44
- Rosanti, Nur Aini. 2013. Pengaruh *Book Tax Differences* terhadap Perubahan Laba (Studi Empiris ada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Tahun 2008-2010). *Skripsi*. Fakultas Ekonomi Universitas Dipenogoro.
- Sloan, R. G. 1996. *Do Stock Price Fully Reflect Information in Accruals and Cash Flows abaout Future Earnings?. The Accounting Review*, 71, 289-315.
- Tang, Tanya Y.H. 2006. *Book-Tax Differences, a Proxy for Earnings Management and Tax Management- Empirical Evidence from China. Working Paper*, The Australia National University.
- Wijayanti, Tri Handayani, 2006. Analisis Pengaruh Perbedaan Laba Akuntansi dan Laba Fiskal terhadap Persistensi Lana, Akrua, dan Arus Kas. *Simposium Nasional Akuntansi 9 Padang*. K-AKPM 28.
- Yulianti. 2005. Kemampuan Beban Pajak Tangguhan dalam Mendeteksi Manajemen Laba. *Jurnal AKuntansi dan Keuangan Indonesia*. Vol.2 hal 107-129.