ABSTRACT

This research aims to examine whether there is a gap between reported earnings to shareholders (higher) and reported earnings to tax authorities (lower) and test the value relevance of after tax taxable income (ATTI). This research uses secondary data taken from the company's annual financial statements for the reporting period of 2014-2016. This research uses specific criteria for sampling methods such as companies that report complete financial reports every December 31 and companies that provide other data needed in research such as stock prices each year from 2014 to 2016. The population of this study is manufacturing companies registered in Indonesia Stock Exchange in the period 2014-2016, with a total sample of 70 companies (210 firm-year). This study uses t-test and multiple linear regression to test the hypothesis. The results of this study indicate that there is a difference between reported earnings to shareholders (higher) and reported earnings to tax authorities (lower) and after tax taxable income (ATTI) has a significant positive effect on stock prices so that companies declared relevant to alternative decision-making. The results also show that the low effective tax rate (ETR) indicates high tax aggressiveness.

Keywords: Profit Before Tax, Profit Taxable, Fiscal Net Profit, Stock Price