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The Effect Of Tax Planning, Deferred Tax Assets, Deferred Tax Expense, And Earning Power On Earnings Management

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ABSTRACT
The purpose of this study is to examine how earnings management is significantly impacted by tax planning, deferred tax assets, deferred tax expenses, and earning power. The yearly financial reports of the transportation and logistics industry listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023 were examined in order to conduct this study. This research uses a purposive sampling technique to collect sample data from seven transportation and logistics organizations between 2019 and 2023, yielding 35 research data points. The annual financial records from each sampled company served as the secondary source of data for this investigation. Tax Planning (X1) is the first independent variable utilized in this study, Deferred Tax Assets (X2) as the second independent variable, Deferred Tax Expenses (X3) as the third independent variable, Earning Power (X4) as the fourth independent variable and Earnings Management (Y) as the dependent variable. In this study, the panel data regression approach was employed as a research method for testing and analysis. The results of the research analysis used the help of EViews 12 software. The results showed that the appropriate model was the Random Effect Model (REM) model. The results of this study indicate that Tax Planning partially has no effect on Earnings Management, Deferred Tax Assets partially has no effect on Earnings Management, Deferred Tax Expenses partially and significantly affects Earnings Management, Earning Power partially has no effect on Earnings Management and simultaneously Tax Planning, Deferred Tax Assets, Deferred Tax Expenses, and Earning Power affect Earnings Management.

Keywords: Deferred Tax Assets; Deferred Tax Expenses; Earning Power; Earnings Management; Tax Planning.

1. INTRODUCTION

In a competitive business world, companies are required to present financial reports that are not only accurate but also relevant as a basis for decision making. Financial reports play an important role in providing information for company management as well as external interested parties (Tapo et al., 2023 in Jannah et al., 2024). One of the crucial aspects of financial statements is earnings information, which is used to assess management performance and the company's future financial prospects (Ghozali & Chariri, 2007 in Basrian et al., 2021). The purpose of this study is to analyze the effect of tax planning, deferred tax assets, deferred tax expenses, and earning power on earning management practices in companies. This study aims to provide a deeper understanding of how tax factors and financial performance affect management's tendency to manipulate earnings.

However, in practice, management often has an incentive to opportunistically manage earnings to create a better picture of performance than the actual financial condition. This practice, known as earnings management, is carried out by manipulating earnings figures to appear inflated, even though they do not reflect the company's

financial reality (Tapo et al., 2023). This phenomenon poses an ethical and accounting dilemma, as it can affect investor confidence and the quality of financial information presented.

One of the earnings management cases that has occurred is the PT Garuda Indonesia Tbk (GIAA) scandal on 24 April 2019 during the General Meeting of Shareholders (GMS). Two commissioners refused to sign the 2018 financial statements due to the recording of unrealised income from the cooperation with PT Mahata Aero Teknologi worth Rp 2.98 trillion (US$ 239.94 million). Initially, the report showed a net profit of US$ 809.85 thousand (Rp 11.33 billion), although the company had previously suffered losses. After the OJK audit, the 2018 financial statements were revised, recording a net loss of US$ 175.028 million, a far cry from the initial report that listed a profit of US$ 5.018 million (finance.detik.com, 2019).

The case study provides an example of how earnings management is used. attempts by management to use tax planning to affect earnings management. Tax planning can have an impact on the company's reported net income because different tax methods allow for lower or delayed tax payments. The likelihood of using profits management increases with the amount of tax preparation an organization does (Hikmah & Nurdiansyah, 2022). The impact of tax planning on earnings management has been demonstrated by studies by Khasanah et al. (2022), Putri Djohar (2023), Trijovianto (2021), and Komalasari & Pratiwi (2024). However, other findings from studies by Yanuarizky et al. (2023), Hikmah & Nurdiansyah (2022), and Zai & Masyitah (2023) indicated that tax planning had little impact on earnings management.

The next factor that can affect earnings management is deferred tax assets. Deferred tax assets can be used as an indicator in assessing earnings management practices. The greater the amount of deferred tax assets reported, the higher the likelihood that the company is indicated to carry out earnings management. The main motivations for this practice include providing bonuses to management, avoiding political burdens, and minimising tax payments to maintain the company's financial stability (Khasanah et al., 2023). The results of research conducted by (Hikmah & Nurdiansyah, 2022), (Khasanah et al, 2023), (Sari & Suripto, 2023), and (Komalasari & Pratiwi, 2024) show that deferred tax assets affect earnings management. However, there are other findings that show different results, where deferred tax assets have no effect on earnings management practices in research conducted by (Fitri & Machdar, 2023), (Jannah et al, 2024), (Putri & Djohar, 2023), and (Yanuarizky et al, 2023).

Deferred tax expenses can influence earnings management practices, where managers can engineer earnings by adjusting the amount of deferred tax expense recognised. Deferred tax recognition can reduce net income or loss. Some studies (Khasanah et al, 2023; Agustina & Saga, 2022; Yanuarizky et al, 2023; Hikmah & Nurdiansyah, 2022; Fitri & Machdar, 2023) found an effect, while other studies (Trijovianto, 2021; Zai & Masyitah, 2021; Sari & Suripto, 2023; Zai & Basrian, 2021) showed the opposite result.

Another factor that potentially affects earnings management is earning power. Companies with high earnings power tend to apply accounting standards

that can manipulate earnings for the benefit of management and increase company value. Some studies (Yuliastuti & Nurhayati, 2023; Jannah et al, 2024) show the effect of earning power on earnings management, but these results contradict other studies (Tapo et al, 2023; Purnama & Taufiq, 2021; Renata & Kusumawati, 2023) which state that there is no significant effect.

2. LITERATURE REVIEW

Agency Theory

In this work, the grand theory is agency theory. An agency relationship is a contract between a management (agent) and an owner or investor (principal), according to Jensen and Meckling (1976) in Trijovianto (2021). The owner gives the manager decision-making ability in order for this contractual arrangement to function properly. According to agency theory, conflicts arise in the connection between agents and principals as a result of management's distinct control function over the owner's function, which is carried out by the shareholders (Anthony & Govindarajan, 2005: 269) in (Trijovianto, 2021). The relationship between agents and principals is explained by agency theory, in which principals give agents the power to decide on matters that will benefit the business. Conflicts might arise, nevertheless, when the two parties have different interests, particularly when it comes to expected satisfaction (Putri & Djohar, 2023). This tension arises because management seeks to boost earnings for both personal benefit and the welfare of the principal. When creating financial accounts, management uses earnings management techniques to strike a balance between these two interests (Sari & Suripto, 2023).

Positive Accounting Theory

According to Watts & Zimmerman (1986) in Trijovianto (2021), positive accounting theory reveals three hypotheses that encourage management to carry out earnings management based on opportunistic motives. The hypothesis in this theory aims to examine the ethical behaviour of individuals in recording transactions and preparing financial statements, including in the application of earnings management (Sulistyanto, 2008: 63 in Trijovianto, 2021). The three hypotheses are: (1) The bonus plan hypothesis, which states that management has a tendency to increase profits in order to obtain greater bonus incentives; (2) The debt to equity hypothesis, which explains that companies can increase profits as a strategy to avoid sanctions related to debt agreements; and (3) The political cost hypothesis, which shows that companies that face high political burdens tend to suppress profits in order to avoid large political costs.

3. RESEARCH METHOD

This study employs a quantitative research approach with an associative type of research, aiming to analyze the influence of tax planning, deferred tax assets, and deferred tax expenses on earnings management. The study uses secondary data obtained from the financial statements of companies in the transportation and logistics sector listed on the Indonesia Stock Exchange (IDX) for the period 2019 to 2023. The data were collected through documentation

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methods by accessing publicly available annual reports and financial statements published on official company websites and the IDX portal.

The population in this study comprises all transportation and logistics companies listed on the IDX. A purposive sampling technique was used to select the sample based on specific criteria, including companies that consistently published complete financial reports during the study period and had the necessary variables required for the research. The independent variables in this study are tax planning, deferred tax assets, and deferred tax expenses, while the dependent variable is earnings management measured using discretionary accruals.

The operational definitions and measurement of each variable were based on established accounting and financial literature. Data analysis was conducted using multiple linear regression to determine the relationship between the independent variables and earnings management. The statistical analysis was performed with the help of data processing software such as SPSS or STATA to ensure accuracy, validity, and reliability of the results. Furthermore, classical assumption tests were carried out to fulfill the requirements of linear regression, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests.

4. DATA ANALYSIS AND DISCUSSION

The quantitative technique, a systematic research strategy, is used in this study to give data in numerical form for analysis and generalization (Muin, 2023). In order to analyze the relationship between variables, quantitative research typically makes use of statistical measuring tools like regression and correlation. Secondary data was utilized in this study. Sugiyono (2019) defines secondary data as information derived from sources other than researchers themselves, such as literature and documentation, but nevertheless supporting study. Financial reports of firms in the transportation and logistics sector that were listed on the Indonesia Stock Exchange (IDX) between 2019 and 2023 served as the secondary data source for this study.

Earnings Management

Earnings management is a managerial strategy in choosing accounting policies according to applicable standards to influence reported earnings. This is done by taking advantage of the company's internal factors to maximise management utility while increasing company value (Renata & Kusumawati, 2023). In measuring earnings management practices, discretionary accrual (DA) is used as a proxy, with calculations based on the Modified Jones Model (Dechow et al., 1995). Discretionary accruals play a role in adjusting reported earnings, either by increasing or decreasing them. Therefore, absolute discretionary accruals are a key indicator in identifying earnings management practices, enabling a more in-depth analysis of the possibility of financial statement manipulation by management.

1. Total accruals using the modified Jones model.

TAC=Niit-CFit

Description:

TAC: Total Acruals
Niit : Net income of company i in period t
CFit : Operating cash flow of company i in period t

2. Total accruals are estimated with the OLS (Ordinary Least Square) regression equation
TACt/(TAt-1)=(β)1 (1/(TAt-1))+(β)2 ((Δ REVt)/(TAt-1)) + (β)3 (PPEt/(TAt-1))+e
Description:
TACt : Total accruals in period t
Tat-1 : Total assets of period t - 1
(Δ)REVt : Change in revenue in period t
PPEt : Fixed assets of the company in period t
(β)1, (β)2, (β)3 : Regression coefficients
e : Error term

3. Discretionary Non Accruals
NDTACt=(β)1 (1/(FYt-1))+(β)2 [((ΔREVt- ΔRECt))/(FYt-1)]+(β)3(PPEt/(FYt-1))+e
Description:
NDTACt : Non discretionary accruals in year t
TAt - 1 : Total assets of period t - 1
(Δ)REVt : Change in revenue in period t
(Δ)RECt : Change in trade receivables in period t
PPEt : Property, Plan, and Equipment period t
(β)1, (β)2, (β)3 : Fitted coefficient obtained from the regression results in the calculation of total accruals
e : Error term

4. Discretionary Total Accruals
DTACt=TACt/(TAt-1)-NDTACt
Description:
DTACt : Discretionary total accruals year t
TACt : Total Accruals year t
TAt- 1 : Total assets period t-1
NDTACt : Non discretionary accruals in year t

Tax Planning

Tax planning is the first step in tax management, where at this stage the analysis and collection of information regarding tax regulations is carried out. The goal is to choose the most effective strategy in saving taxes. The effectiveness of tax planning can be measured through the tax retention rate, which serves as an indicator in the company's financial statements. The tax retention rate is calculated by dividing a company's net income in a particular year by its profit before tax in the same year (Fitri & Djohar, 2023).
TRR it= (Net Income it)/(Pretax income (EBIT) it)
Description:
TRR it : Tax retention rate of company i in year t
Net income it : net income of company i in year t
Pretax income (EBIT) it : profit before tax of company i in year t

Deferred Tax Assets

The amount of income tax that can be recouped in later periods is known as

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deferred tax assets. Deductible carryforwards and transitory differences result in deferred tax assets. If it is likely that future tax benefits will be realized, the amount of deferred tax assets is recorded. Therefore, estimating the likelihood that the deferred tax assets can be realized requires judgment. You can utilize the method for company I's deferred tax assets in year y against company I's deferred tax assets in year t-1 to determine the value of the proxy used in deferred tax assets (Fitri & Machdar, 2023).

APTAit= APTit/(APTit t-1)

Description:

APTAit : Total deferred tax assets of company i in year y.

APTit : Deferred tax assets of company i in year y.

APTit t-1: Deferred tax assets of company i in year y-1.

Deferred Tax Expense

A tax burden that results from short-term discrepancies between accounting profit and fiscal profit is known as deferred tax expense. This short-term discrepancy results from variations in the timing and techniques of acknowledging specific revenue and spending in compliance with tax laws and accounting rules (Yogi Maulana Putra, 2019 in Agustina & Saga, 2022). Agustina & Saga (2022) cite Bergita & Kiswara (2010) as saying that the value of deferred tax cost can be calculated by dividing the amount of deferred tax expense by the total assets of the business during the prior period (t-1). The following is the formula used to calculate deferred tax expenses:

BPTit= BPTit/(TAit-1)

Description:

BPTit : Total deferred tax expense of company i in year t.

BPTit : Deferred tax expense of company i in year t.

TAit t-1 : Total assets of company i in year t-1.

Earning Power

Earning power is a company's capacity to turn a profit, according to Renata & Kusumawati (2023). The degree to which the business can generate greater profits can be determined by evaluating this level of profit using the earning power component. Earning power is measured using the Return on Assets (ROA) ratio. Earning power can be calculated using the following formula:

Return on assets = (Profit after tax)/(Total assets)

Description:

Return on assets : measurement of earning power

Earning after tax : profit after tax

Total assets : Total assets

Purposive sampling was employed to determine how many samples would be utilized in the study. This approach was used due to the fact that the sample was selected using predetermined criteria or considerations (Muin, 2023). The following criteria were applied while choosing samples from the research population:

1. Companies in the transportation and logistics sector that were listed on the Indonesia Stock Exchange (IDX) and remained listed between 2019 and 2023.
2. Businesses in the transportation and logistics sector that regularly release financial reports between 2019 and 2023.
3. Businesses in the transportation and logistics sector that disclose their financial results in Rupiah for the 2019–2023 timeframe.
4. Businesses in the transportation and logistics sector that report a profit for the 2019–

2023 timeframe.
5. Companies in the transport and logistics sector that provide comprehensive financial reports that contain data pertaining to study factors for the 2019–2023 time frame.

This study uses statistical computations, specifically the Eviews 12 program, as part of its data analysis methodology. Following data collection, data analysis was carried out using panel data regression, descriptive analysis tests, model selection, classical assumption tests, coefficient of determination, and hypothesis testing.

Research Results

A. Descriptive Statistical Analysis

The mean (average), standard deviation, minimum value, maximum value, and descriptive statistical analysis were all utilized in this study. Variation as well as the quantity of samples. The descriptive statistical analysis's findings are as follows:

Table 1 : Statistik Deskriptif

	Y (Earnings Management)	X1 (Tax Planning)	X2 (Deferred Tax Assets)	X3 (Deferred Tax Expense)	X4 (Earning Power)
Mean	0,112183	-0,163361	-0,002918	-2,669676	-1,459480
Median	0,100520	-0,114980	0,026570	-2,638340	-1,436220
Max	1,486690	0,009350	1,107820	-0,850010	-0,493440
Min	-0,802060	-1,096520	-1,034650	-4,135880	-3,292730
Std. Dev	0,511833	0,210351	0,379302	0,879430	0,660378
Obser.	35	35	35	35	35

Source : Eviews Processed Data 12, 2025

Based on this table 1 where the value of the variables y, x1, x2, x3, and x4 can be seen that the standard deviation value is greater than the average, it can be described that the research data has a high data variance. This shows that there is a fairly large level of data distribution around the average, which indicates significant fluctuations or differences between data in the research sample.

B. Regression Model Estimation And Regression Model Selection

In this study, panel data regression model estimation was carried out using three approaches, namely the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). These three models are used to determine the model that best fits the characteristics of the research data.

To choose the right regression model, several tests are carried out as follows:
1. Chow Test - Used to compare the Common Effect Model (CEM) with the Fixed Effect Model (FEM) to determine whether the more appropriate model is the fixed effect model (FEM) or the joint effect model (CEM).
2. Hausman Test - Aims to compare the Fixed Effect Model (FEM) with the Random Effect Model (REM) to determine whether the more appropriate model is the FEM or REM based on the correlation between individual effects and independent variables.

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3. Lagrange Multiplier (LM) Test - Used to compare the Common Effect Model (CEM) with the Random Effect Model (REM) to determine whether the random effect model is better than the joint effect model.

The results of these three tests will determine the most appropriate regression model used in this study to obtain more accurate estimates and better represent the relationship between variables.

Table 2 : Chow Test Result

Redundant Fixed Effect Tests			
Equation : FEM			
Effect Test	*Statistic*	*d.f*	*Prob*
Cross-section F	35,275419	(6,24)	0,0000
Cross-section Chi-Square	79,950657	6	0,0000

Source : Eviews Processed Data 12, 2025

Based on table 2 of the Chow test results above, the probability value (P-Value) of the cross section chi square is 0.0000 <0.05, so the hypothesis H_0 is rejected and H_a is accepted, so according to the Chow test the Fixed Effect Model is more appropriate to use. if the Fixed Effect Model is selected, then the next step is to perform the Hausman test.

Table 3 : Hausman Test Result

Correlated Random Effects – Hausman Test			
Equation : REM			
Test Summary	*Chi-Sq. Statistic*	*Chi-Sq. D.f*	*Prob.*
Cross-section random	3,996706	4	0,4065

Source : Eviews Processed Data 12, 2025

Based on the Hausman test results, since the cross-section random probability value (P-Value) of 0.4065 is greater than 0.05, the null hypothesis is accepted, which means that the more appropriate model is the Random Effect Model. Therefore, before testing classical assumptions and hypothesis testing, it is necessary to do the Lagrange Multiplier test first to ensure the selection of the right model.

Table 4 : Langrange Multiplier Test Result

Lagrange Multiplier Tests for Random Effects			
	Cross-section	*Time*	*Both*
Breusch-Pagan	29,69244	0,662886	30,35533
	(0,0000)	(0,4155)	(0,0000)

Source : Eviews Processed Data 12, 2025

The Breusch-Pagan value in table 4.10 shows a value of 0.0000 or smaller than the significance level of 0.05, so the hypothesis **H**a is rejected and **H**0 is accepted, so according to the Langrange Multiplier test the Random Effect Model is more appropriate to use. From the test results of the panel data regression model test, it can be concluded that the model that matches the research is the Random Effect Model.

C. Classical Assumption Test

A multiple linear regression model is said to be a good model if it fulfils the Best Linear Unbiased Estimator (BLUE) criteria. To achieve these criteria, the model must pass classical assumption testing, which includes normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. If all these assumptions are met, then the regression model used can provide valid and unbiased estimates.

1. Normality Test

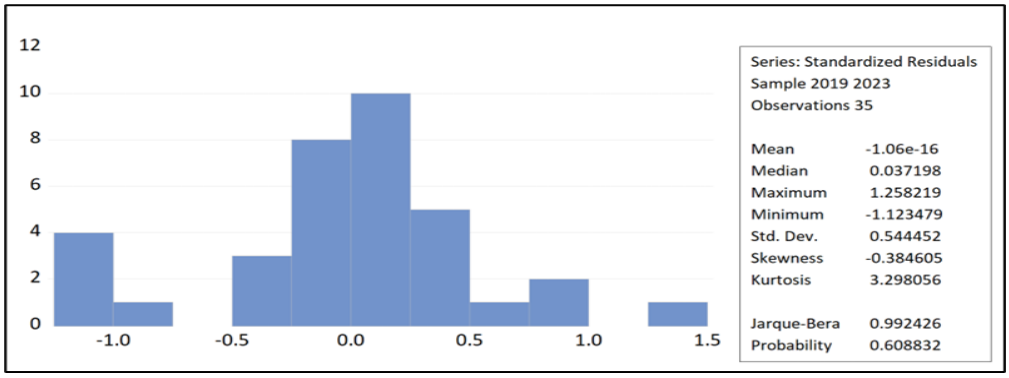

Figure 2 Normality Test Results
Source : Eviews Processed Data 12, 2025

The results of the normality test show a histogram graph and a Jarque-Bera (JB) test with a history normality test. The normality test results obtained a Jarque-Bera (JB) value of 0.992426 with a probability value of 0.6088> 0.05, it can be concluded that the data is normally distributed.

2. Multicollinearity Test

Table 5: Multicollinearity Test Result

Variance Inflation Factors			
Variabel	*Coefficient Variance*	*Uncentered VIF*	*Centered VIF*
C	0,134229	20,78446	NA
X1	0,168508	1,817876	1,121542
X2	0,052790	1,142490	1,142420
X3	0,010076	12,29207	1,172188
X4	0,018615	7,360992	1,221124

Source : Eviews Processed Data 12, 2025

The results of the multicollinearity test, it can be seen that the Value Inflation Factor (VIF) test model for all independent variables shows a number of 1.121542 on variable X1, variable X2 of 1.142420, variable X3 of 1.172188, and 1.221124 on variable X4 or the value obtained is below 10, so it can be concluded that there is no indication of multicollinearity between the independent variables.

3. Heteroscedasticity Test

Table 6: Heteroscedasticity Test Result

Heteroskedasticity Test Glejser

Null hypothesis : Homoskedasticity			
F-statistic	2,193120	*Prob.*F(4,30)	0,0937
Obs'R-squared	7,918937	*Prob.Chi-Square*(4)	0,0946
Scaled explained SS	7,340443	Prob.Chi-Square(4)	0,1190

Source : Eviews Processed Data 12, 2025

The results of the heteroscedasticity test above, obtained a value of Prob. Chi-Square value on Obs*R-squared is 0.0946> 0.05, which means H0 is accepted and Ha is rejected, it can be concluded that the data does not experience heteroscedasticity problems.

4. Autocorrelation Test

Table 7: Autocorrelation Test Result

R-squared	0,277845	*Mean dependent var*	0,015039
AdjustedR-squared	0,181557	*S.D dependent var*	0,187497
S.E. of regression	0,169624	*Sum squared resid*	0,863171
F-Statistic	2,885578	*Durbin-Watson stat*	1,815883
Prob(F-statistic)	0,039152		

Source : Eviews Processed Data 12, 2025

The results of the autocorrelation test above, obtained a D-W value of 1.815883. Based on the results of the D-W Value table with a significance level of 5% with the amount of data 35 and the number of independent variables 4, the dL value of 1.2221 and the dU value of 1.7259 can be obtained. Then 4 - dU with the result of 2.2741. Then the DW value of 1.815883 is located between the dU and 4 - dU values (1.7259 < 1.815883 < 2.2741) which means that in the research data there are no autocorrelation symptoms.

D. Panel Data Regression Analysis

Table 8: Panel Data Regression Analysis Results

Variable	*Coefficient*	*Std.Error*	*t-Statistic*	*Prob.*
C	0,602155	0,259317	2,322086	0,0272
X1	-0,069991	0,175373	-0,399101	0,6926
X2	0,067574	0,094512	0,714976	0,4802
X3	0,144237	0,053078	2,717431	0,0108
X4	0,079579	0,057424	1,385804	0,1760

Source : Eviews Processed Data 12, 2025

Based on the regression results using the Random Effect Model (CEM) in table 7, the regression equation is as follows:
Earnings Management = 0,602155 – 0,06991 (X1) + 0,067574 (X2) + 0,144237 (X3) + 0,079579 (X4). The constant coefficient value is positive at 0.602155, which indicates that the amount of earnings management is 0.602155 if tax planning (X1), deferred tax assets (X2), deferred tax burden (X3), and earning capacity (X4) are all taken into account as constants. With a negative coefficient value of -0.06991 for tax planning (X1), the company's profit management activity will rise by 0.06991 for every unit reduction in the deferred tax burden. With a positive coefficient value of 0.067574 for deferred tax assets (X2), the company's profit management activity will rise by 0.067574 for every unit of deferred tax assets (X2). The company's profit management activity will rise by

0.144237 for every additional unit of Deferred Tax Burden (X3), according to the coefficient value of 0.144237, which is positive. Earning power (X4) has a positive coefficient value of 0.079579, meaning that for every unit of Earning power (X4) that is added, the company's profit management activity will rise by 0.079579.

E. Hypothesis Test

1. Simultaneous Test (F Test)

The F test aims to examine whether the independent variables (Tax Planning, Deferred Tax Assets, Deferred Tax Expenses, and Earning Power) simultaneously influence the dependent variable (Earnings Management) or not. The decision-making criterion for the F test is as follows: if the Prob.(F-statistic) < 0.05, the independent variables have a significant influence. However, if Prob.(F-statistic) > 0.05, they do not have a significant influence (Ismanto & February, 2021). The results of the F statistical test are as follows:

Table 9 : Statistical Test Results F

Weighted Statistics			
R-squared	*0,277845*	*Mean dependent var*	0,015039
AdjustedR-squared	0,181557	*S.D dependent var*	0,187497
S.E. of regression	0,169624	*Sum squared resid*	0,863171
F-Statistic	2,885578	*Durbin-Watson stat*	1,815883
Prob(F-statistic)	0,039152		

Source : Eviews Processed Data 12, 2025

The results of the study show that Tax Planning, Deferred Tax Assets, Deferred Tax Expenses, and Earning Power simultaneously affect Earnings Management. This is supported by a simultaneous significance test (Test F) with a Prob value. (F-statistics) of 0.039152 (< 0.05), which indicates that there is a relationship between these variables and Earnings Management.

2. Partial Test (t Test)

Partial test results (t test) on data processing testing with Eviews 12 as follows:

Table 10. t Test

Dependent Variabel : Y				
Method : Panel EGLS (Cross-section random effects)				
Variable	*Coefficient*	*Std.Error*	*t-Statistic*	*Prob.*
C	0,602155	0,259317	2,322086	0,0272
X1	-0,069991	0,175373	-0,399101	0,6926
X2	0,067574	0,094512	0,714976	0,4802
X3	0,144237	0,053078	2,717431	0,0108
X4	0,079579	0,057424	1,385804	0,1760

Source : Eviews Processed Data 12, 2025

It can be seen that the Prob. value on the independent variables which include: Tax Planning (X1), Deferred Tax Assets (X2), Deferred Tax Expenses (X3), and Earning Power (X4) on the dependent variable, namely: Earnings Management (Y) can be explained as follows:

1. The Tax Planning variable (X1) has a Prob. value of 0.6926> 0.05, it can be concluded that the Tax Planning variable partially has no effect on Earnings Management.

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2. The Deferred Tax Asset variable (X2) has a Prob. value of 0.4802> 0.05, it can be concluded that the Deferred Tax Asset variable partially has no effect on Earnings Management.
3. The Deferred Tax Expense variable (X3) has a Prob. value of 0.0108 <0.05, it can be concluded that the Deferred Tax Expense variable partially affects Earnings Management.
4. The Earning Power variable (X4) has a Prob. value of 0.1760> 0.05, it can be concluded that the Earning Power variable partially has no effect on Earnings Management.

DISCUSSION

a. The Effect of Tax Planning, Deferred Tax Assets, Deferred Tax Expenses, Earning Power on Earnings Management

In the F test results, the Prob. (F-statistics) value in the simultaneous signification test (F test) is 0.039152 which is smaller than 0.05. So it can be indicated that Tax Planning, Deferred Tax Assets, Deferred Tax Expenses, Earning Power together have an effect on Earnings Management in transportation & logistics companies listed on the Indonesia Stock Exchange for the period 2019 - 2023.

These findings show that the linkage between variables creates complex incentives for managers to practice Earnings Management. Managers can manage profits through tax planning, deferred tax optimization, and the achievement of Earning Power, both for tax purposes and personal goals that are not always transparent. This result is in line with the research of Khasanah et al. (2023), which stated that Tax Planning, Deferred Tax Assets, and Deferred Tax Burden have an effect on Earnings Management, and research by Yuliastuti & Nurhayati (2023), which found that Earning Power has a significant positive effect on Earnings Management.

b. Effect Of Tax Planning On Earnings Management

The second hypothesis in this study tests the influence of Tax Planning on Earnings Management. The test results show that Tax Planning has no partial effect on Earnings Management, as evidenced by the t-test with a probability value of 0.6926 (> 0.05), so H_2 is rejected. These findings indicate that profit management aims to prevent a decline in profits, while tax planning focuses on reducing taxable profits. This difference in objectives causes tax planning not to affect profit management practices. The results of this study are in line with the findings of Yanuarizky et al. (2023), Hikmah & Nurdiansyah (2022), and Zai & Masyitah (2023).

c. Effect Of Deferred Tax Assets On Earnings Management

With a t-test probability value of 0.4802 (> 0.05), the test findings demonstrate that Deferred Tax Assets have no effect on Earnings Management, and H_3 is rejected. These results indicate that profit management strategies are unaffected by the quantity of deferred tax assets because the tax burden that needs to be paid is affected by claims on deferred tax assets in the subsequent year. Companies tend to refrain from manipulating profits as a result. According to Khasanah et al. (2023), Sari & Suripto (2023), Komalasari & Pratiwi (2024), and Hikmah & Nurdiansyah (2022), these findings are corroborated.

d. Effect Of Deferred Tax Expense On Earnings Management

The test results show that the probability value of the partial significance test for Deferred Tax Expense is less than the set significance level (0.0108 < 0.05), so the H_4 hypothesis is accepted. Thus, Deferred Tax Expense affects Earnings Management.

The positive relationship between the two shows that the increase in Deferred Tax Expense is in line with the increase in Earnings Management, and vice versa. The higher the deferred tax burden, the greater the opportunity for the company to manage profits, especially through accruals, in order to avoid reporting losses and correcting taxable profits. Thus, the deferred tax burden not only affects financial statements, but also becomes an instrument in profit management practices. These results are consistent with the research of Khasanah et al. (2023), Agustina & Saga (2022), Fitri & Machdar (2023), Hikmah & Nurdiansyah (2022), and Yanuarizky et al. (2023).

e. Effect Of Earning Power On Earnings Management

The results of the research test show that the Earning Power probability value is 0.1760, which is greater than the significance level (0.1760 > 0.05). Thus, H_5 is rejected, indicating that Earning Power has no effect on Earnings Management.

These findings show that Earning Power on returns on assets does not affect Earnings Management. The fluctuation in profits of transportation & logistics companies during 2019–2023 reflects less than optimal asset performance. Weak performance reduces management's motivation to obtain bonuses through Earnings Management, so that the financial statements reflect the actual condition of the company.These results are consistent with the research of Tapo et al. (2023), Purnama & Taufiq (2021), and Renata & Kusumawati (2023).

5. CONCLUSION & SUGGESTION

This study aims to examine the effect of Tax Planning, Deferred Tax Assets, Deferred Tax Expenses, and Earning Power on Earnings Management in transportation and logistics sector companies listed on the Indonesia Stock Exchange for the 2019-2023 period. Based on the results of the analysis, the following conclusions are obtained: Simultaneously, the variables of Tax Planning, Deferred Tax Assets, Deferred Tax Expenses, and Earning Power on Earnings Management. Partially, Tax Planning has no effect on Earnings Management. Deferred Tax Assets also has no partial effect on Earnings Management. Deferred Tax Expense has an influence on Earnings Management. Earning Power partially has no effect on Earnings Management.

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