

**EMPIRICAL TEST IN THE TAXATION ACCOUNTING
CONSERVATISM**
(Empirical Study on Manufacturing Companies Listed in Indonesia Stock
Exchange Period 2012-2016)

Safitri Rica*), Rosita Wulandari
Universitas Pamulang
Email : *rosita_1882@yahoo.co.id*

Abstract

This study aims to provide empirical evidence about the impact of tax incentives and non-tax factors by using proxy leverage, earnings pressure, size of the accounting conservatism. The samples used in this study were 70 companies listed on the Indonesian Stock Exchange (BEI) during the period 2012-2016. Sample selection methods used are Purpsive sampling. Examination of this study uses multiple regression analysis which previously had to pass the classic assumption test. These results indicate that tax incentives, leverage, and size affect the accounting conservatism. While earnings pressure has no effect on accounting conservatism.

Keywords : *Accounting conservatism, tax incentives pressure earnings, leverage, size.*

Abstrak

Penelitian ini bertujuan untuk memberikan bukti secara empiris mengenai pengaruh insentif pajak dan faktor non pajak dengan menggunakan proksi *leverage, earning pressure, size* terhadap konservatisme akuntansi. Sampel yang digunakan dalam penelitian ini adalah 70 perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2012-2016. Metoda pemilihan sampel yang digunakan yaitu *Purpsive sampling*. Pengujian penelitian ini menggunakan analisis regresi berganda yang sebelumnya harus lolos uji asumsi klasik. Hasil penelitian ini menunjukkan bahwa insentif pajak, *leverage*, dan *size* berpengaruh terhadap konservatisme akuntansi. Sedangkan *earning pressure* tidak berpengaruh terhadap konservatisme akuntansi.

Kata Kunci : konservatisme akuntansi, insentif pajak, *earning pressure, leverage, size.*

1. INTRODUCTION

The objective of financial statements is to provide information about a company's financial megenai used by the users of both external information that investors, employees, creditors, government and society, while on the internal side, namely the manager, to decision-making. A company financial statements prepared under generally acceptable accounting principles (GAAP), providing flexibility in determining the method of accounting estimates used.

Since 2012 Indonesia has been using IFRS-based reporting system. The goal is to equalize the financial reporting across the enterprise in the world, so that investors from any country can read financial statements of companies in various countries. The financial statements were prepared management should meet the objectives, rules, also based on the accounting principles applicable accounting standards. In financial reporting, the Financial Accounting Standards (GAAP) provide freedom in selecting the accounting method used. Freedom in this method can be used to generate reports financeDifferent every company in accordance with the wishes and needs of the company, or in other words, companies have little freedom to choose one of several alternative offered in financial accounting standards deemed appropriate condition of the company.

There are some principles and statements that are considered true (postulates) in the financial statements. One is the principle of conservatism. As said by Wahyu (2008) in Alfie (2013), one of the company's obligation is to publish the financial reports as a form of management to manage the resources entrusted to the management. According to Sari and Adhariani (2009) in Alfie (2013), the financial statements made by the company should meet the objectives, rules and principles in accordance with generally accepted standards in order to be accounted for as well as useful in decision making for interested parties.

Conservatism can be defined as an attempt to choose a generally acceptable accounting method that will result in the recognition of revenue as slowly as possible, recognition of expenses as quickly as possible, the lower valuation of the assets and liabilities of higher ratings. Specifically, this principle indicates that the preferred report teredah value for assets and revenue and the highest value for the debt and expenses (Belkaoui Riahi, 2000) in Prog et al (2014). Conservatism is an important principle in reporting financethatintended for recognition and measurement of assets and profits made with caution, it happens because of economic and business activity covered by the uncertainty. Zarowin (1997) in Wicaksono et al (2012) states that the ratio between income before tax in fiscal taxable income can be used as a measure of accounting conservatism. Taxable fiscal profit is very conservative measure of performance, because the company is trying to minimize their tax payments.

Conservatism in accounting practices continue to have an important role. On the other side of conservatism still be a debate in the world of accounting. Through conservatism, earnings quality financial statements into question and the qualitative characteristics of accounting information becomes doubtful. Kiryanto and Supriyanto (2006) in Alfie (2013) states that if the financial statements

prepared on the basis of a conservative method results tend to be biased and does not reflect the company's true financial condition.

Accounting conservatism principle is still considered a controversial principle. There are two conflicting opinions regarding the principle of conservatism. Arguments supporting said that the principle of conservatism will result in financial statements that pessimistic. This attitude is necessary to counteract excessive optimistic attitude that existed at the manager and owner. An optimistic attitude led to overstatement that is considered to be more dangerous than understatement. The consequences arising from the loss or bankruptcy would be more dangerous than profits. The argument against says that the use of the principle of conservatism has resulted in the understatement of financial statements and biased. The corporation should present financial statements that is objective and useful to determine and assess the risks of the company.

Tax incentives is a tax facilities granted to foreign investors and domestic for certain activities or to a particular region affecting economic activity. In some cases, tax incentives are applied as compensation from the poor investment climate of a country that is among others reflected in the lack of infrastructure, legal uncertainty in a country.

In calculating the income tax payable on profits required financial statements acquired the company in the current year. The tax rate decreased and coupled with tax incentives given to the company tax law that have issued shares on the Stock Exchange made the company getting benefited. Tax incentives granted by the government is intended to enable companies to pay their taxes correctly.

Research conducted by Yin and Cheng (2004) in Wicaksono (2012) in Natalia and Amelia (2013), noted that the measurement of the tax incentives can be done by using proxy tax planning (tax planning) to test whether tax incentives affect the accounting conservatism. It is based on the Yin and Cheng (2004) who found efforts to minimize tax payments of companies limited by tax planning. Efficient tax planning must consider not only the cost but also the cost of non-tax other taxes that may arise from tax minimization (Scholes et al 2002 in Natalia and Amelia, 2013).

In addition to tax incentives, accounting conservatism is also influenced by factors such as non-tax earnings pressure, leverage, and size. Earning Pressure is an action to decrease accruals are lower income taxes that will be paid into a small (Yin and Cheng 204). At companies whose profits do not reach the target, loss of profits made for tax purposes can be reduced by earnings pressure in order to improve the accounting profit. Company that makes a profit (profit firm), when earnings have reached or even exceeded, loss of profits made for tax purposes can be reduced by earnings pressure to perform income smoothing, while the company suffered a loss (loss firm), tend to earnings pressure in order to obtain compensation taxes.

Other non-tax factors that affect accounting conservatism among which the level of debt (leverage). Leverage is the use of assets or sources of funds in which to use the company must bear the fixed costs or pay a fixed load. Sutrisno (2006) shows how much leverage the assets that are used to run the operations of the company is financed by external debt of the company. If the company does not

have the leverage or leverage equal to zero, it indicates the company is fully using their own capital without the use of debt in its operations. According to Lo (2005) debt levels affect the accounting conservatism. If the company has a high debt level, the company will increasingly apply conservative principles. Pramudita (2012) high levels of debt will make the company more cautious because of the high levels of debt can become a threat to the survival of the company. In addition to earnings pressure and leverage, size can also affect conservatism. The size of the company is a large-scale pengklasifikasikan small companies. The greater the profits from the company, the tax to be paid will be even greater. Therefore, the larger the company, the company tends to shift profits to year after efektifkannya tax rates so that the tax payment becomes smaller. Company size (size) is one indicator to observe the great political cost to be borne. The size of the company can be measured by looking at the total assets owned by a company. Wulandari and Zuleika (2012) large-sized companies are usually monitored by the government and the public. If the large-sized companies have high earnings are relatively permanent, then the government can be compelled to raise taxes and asked for a higher public service to the company. Therefore, large-sized companies are likely to report lower earnings are relatively permanent with conservative accounting organizing (Lo, 2005)

2. LITERATURE REVIEW

Signaling Theory

Signaling Theory or theory signal developed by (Ross, 1997), stated that the company executives have better information about the company will be compelled to pass on the information to potential investors that its stock price increase.

Signaling theory emphasizes the importance of information released by the company against the investment decisions outside the company. Information is an important element for investors and businessmen because the information is essentially present the information, record or good overview of the state of the past, present, and future state for the survival of a company and how to market effect. Detailed information, relevan, accurate and timely information is required by the investors in the capital market as an analytical tool to make investment decisions (Butarbutar, 2011). Interest signaling theory is likely to bring good impact on the users of financial statements. The manager tried to inform opportunity that can be achieved by the company in the future.

Positive Accounting Theory

Positive accounting theory explains that managers have the incentive or encouragement to be able to maximize their welfare. This theory is based on the section that managers and shareholders are rational. They seek to maximize their utility, which is directly linked to the prosperity of the They (Nugroho and Mutmainah, 2012).

Positive accounting theory predicts that the manager mempunyai tendency to raise profit to hide poor performance. The tendency of managers to increase profits can be boosted by the four contracting problem is asymmetric information, limited working period the manager, the manager limited liability and payment asymmetry (asymmetric pay-off). Shareholders and creditors trying to avoid overpayment to the manager to ask for the implementation of conservative accounting (Watts, 2003, in the Main Yoga Ikhsan 2015). Therefore, it can be concluded that managers tend to organize accounting liberal, but the lender (in the debt contracts) and shareholder (in compensation contracts) tend to ask the manager held a conservative accounting (Nugroho and Mutmainah, 2012).

Taxation Overview

Tax

According to the Law of the Republic of Indonesia No. 28 of 2007, article 1 explained that, "Taxes are compulsory contributions to the State owed by individuals or entities that are enforceable under the Act by not getting rewarded directly and used for the purposes of state for the greatest prosperity of the people".

According Rochmat Soemitro in (Mardiasmo, 2011: 1) explains that a tax is a levy of the people to the state treasury by law (enforceable) with no lead gets services (contra) directly demonstrated and used to pay for general expenses.

Income tax

Law No. 16 of 2009 Article 1, paragraph 1 defines taxes as mandatory contributions to the state owed by individuals or entities that are enforceable under the law, by not obtain rewards directly and used for the purposes of state for the greatest prosperity of the people ,Which is the subject of income tax is 1) an individual, a legacy that is not necessarily divided as a unit, replacing entitled, 2) body, and 3) the permanent establishment. While the object of taxation is the income that every increase in economic capability received or accrued by a Taxpayer, both from Indonesia and outside Indonesia. Which can be used for consumption or to increase the wealth of the taxpayer concerned, the name and in whatever form (Act No. 36 of 2008).

Change Income Tax Rates

Corporate income tax rate in Indonesia before 2009 are progressive rates are the rates persentansenya becomes greater when the number of which is the basis of the imposition of even greater. Since the promulgation of Law No. 36 of 2008 on income tax that took effect in 2009, a change in corporate income tax rate from progressive tax rates to a single rate, namely 1) 28% effected in 2009 and 25% effected in 2010 for the company, and 2) 5 % lower than the tariff no. 1 for the company went public, and at least 40% of its shares are traded on the Indonesia Stock Exchange (BEI).

Corporate income tax base is profit. Management wants to maximize the value of the company to minimize its tax burden, will try to find ways to lower company profits will be used as a tax base. One way that may be done by the

company is applying the practice of accounting conservatism. Accounting conservatism causes a downward bias of corporate profits, so the tax charged will be lower. However, this will cause problems in the next period. When the tax inspectors check the veracity and appropriateness of the financial statements, will appear a tax dispute due to its unsuitability amount to be paid by the taxpayer with the amount paid taxpayer to the state treasury.

Tax incentives

Tax reforms that have occurred since 1983 until now many produce changes that one of its goals is to increase state revenue from the taxation sector. According Pohan (2011: 359) economical nuanced changes made to face the challenges globalization economy, strengthening the competitiveness of the content and tax incentives are more attractive to foreign and domestic investors to invest in Indonesia, which is expected to be useful life of the nation within the framework of the welfare society.

Non Tax Factor

Earning Pressure

In addition to tax incentives, accounting conservatism is also influenced by non-tax incentives, one of which is earnings pressure. Earning pressure can be defined as an action to decrease accruals are lower income taxes that will be paid into a small (Yin and Cheng, 2004). At companies whose profits do not reach the target, loss of profits made for tax purposes can be reduced by earnings pressure in order to improve the accounting profit. Company that makes a profit (profit firm), when earnings have reached or even exceeded, loss of profits made for tax purposes can be reduced by earnings pressure to perform income smoothing, while the company suffered a loss (loss firm), tend to earning bath in order to obtain compensation taxes.

Leverage

In divides its activities a company can use the resources from inside or internal company (equity) and from the outside or external companies (debt). The level of debt is the use of assets and sources of funding (sources of funds) by companies that have a fixed load with the intent to increase the potential profits of shareholders. Alhayati (2013) in the Main Yoga Ikhsan (2015) provide a concept of leverage (debt level) or a debt ratio which is the ratio between the book value of the entire debt (total debt) to total assets (total assets). This ratio emphasizes the importance of debt financing by showing the percentage of assets of the company are supported by debt (Alhayati, 2013 in the Main Yoga Ikhsan, 2015).

Accounting conservatism

Researchers have introduced a variety of definitions of accounting conservatism. Accountants have traditionally express conservatism with the rules anticipate no profit but anticipate all losses (Bliss, 1924 in Wicaksono, 2012). This can be interpreted as a tendency accountants require higher degree of verification to recognize good news as gains than to recognize bad news as losses.

Examples of accounting conservatism is to choose between a boarding or market prices are lower for accounting preparation, or immediately recognize a change in the estimate of boarding if the estimated yield losses in the future on a long-term contract, but did not make revisions if it produces an increase in profits in the future, or physical impairment for financial assets (impairments), but does not raise to a higher asset value. Thus, conservatism generate greater probability of timely accounting recognition to bad news than good news.

Research Hypothesis

Based on the theoretical basis and the results of previous empirically that have been presented, then the hypothesis is formulated as follows:

Effect of tax incentives to accounting conservatism

Tax incentives refer to the positive accounting theory. Because of this theory is based on the section that managers and shareholders are rational. They are trying to to maximize their utility, which is directly linked to their prosperity. In calculating the income tax payable on profits required financial statements acquired the company in the current year. The tax rate decreased and coupled with tax incentives given to the company tax law that have issued shares on the Stock Exchange made the company getting benefited. Tax incentives given by the government is intended to enable companies to pay their taxes correctly.

Changes in corporate income tax rate from progressive tax rates to a single rate as an impetus for the practice of accounting conservatism (Wicaksono: 2012). The tariff changes will trigger conservatism accounting practices in previous years the implementation of a new tariff (Wicaksono: 2012). Conservatism, companies can reduce the present value of the tax by delaying the recognition of revenue (Sari: 2004). Based on the description above, it can be hypothesized relationship between tax incentives towards conservatism as follows:

H1: tax incentives affect the accounting conservatism.

Influence of pressure against the conservatism accounting earnings

Earning pressure refers to the positive accounting theory. Because this has explained that the manager has an incentive or encouragement to be able to maximize their welfare. For reach The company lowered its profit welfare so that the tax to be paid to be small. Wicaksono and Laksito (2012) in his study mentioned that earnings pressure has no effect on accounting conservatism. This indicates that the profits derived from the operations of the company, if the company's operating income declined due to the company, no impact on the accounting policies set.

Prog and Sandra (2011) stated that the tax incentives implies that the company lowered its earnings in response to the reduction in tax rates. For companies whose profits do not reach the target, loss of profits made for tax purposes can be reduced by earnings pressure in order to improve the accounting profit. Prog and Sandra (2011) showed a significant relationship to accounting conservatism. This shows that the earnings pressure also influence the manager's

decision to lower corporate profits for tax purposes through accounting conservatism. Thus, earnings pressure effect on accounting conservatism.

H2: earnings pressure effect on accounting conservatism.

Effect of leverage to accounting conservatism

Leverage referring to the theory of signals. Because the signal theory emphasizes the importance of company-issued information to parties outside the company investment decisions. Information is an essential element for investor and businesses because the information is essentially presenting information, records or good overview of the state of the past, present, and future state for the survival of a company and how to market effect.

A company that has a relatively high debt, lenders have greater rights to know and supervise the conduct of operations and accounting firm. greater rights owned lender will reduce the asymmetry of information between creditor and the company's managers. Managers find it difficult to hide information from creditors. Creditor interest in the distribution of net assets and lower profits to the managers and shareholders so that creditors tend to ask the manager to hold conservative accounting (Lo, 2005).

Therefore, the higher the level of debt or leverage a company, then it will request the application of conservative accounting because here the higher the security the lender interest on the funds expected in can be advantageous for him. Companies with high debt levels tend to use conservative accounting. This is due to the higher level of debt, the greater the likelihood of conflict will arise between shareholders and bondholders that will ultimately affect the contractual demand of the conservative accounting (Alhayati, 2013).

Results of research and Suryanawa Goddess (2014) and Alhayati (2013) menyimpulkan that the level of debt (leverage) positive significant effect on accounting conservatism. Alfian and Sabeni (2013) concluded that a leverage ratio significant positive effect on accounting conservatism. Based on previous studies then proposed the following hypotheses:

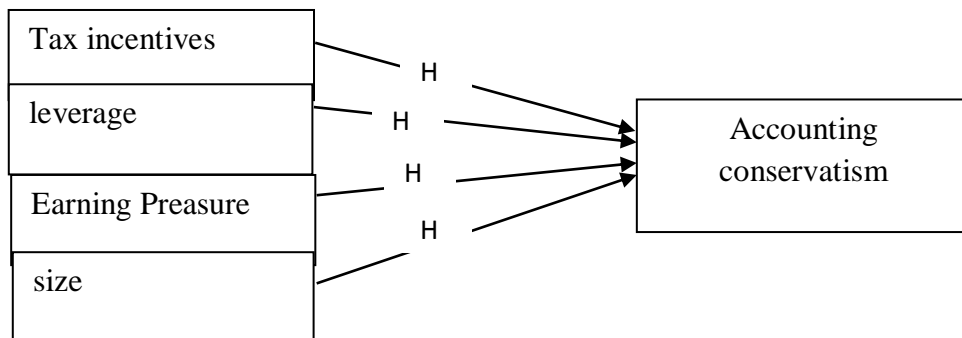
H3: Leverage effect on accounting conservatism.

Effect of size to accounting conservatism

Size company (size) refer on theory signal. Because this theory states that the company executives have better information about the company will be compelled to pass on the information to potential investors that its stock price increase. The size of the company is one of the major indicators for observing the political costs to be borne. The size of the company can be measured by looking at the total assets owned by a company. Kartini and Arianti (2008) in Alfian and Sabeni (2013) the size of the company is the size or the amount of assets owned by the company. Wulandari and Zuleika (2012) large-sized companies are usually monitored by the government and the public. If the large-sized companies have high earnings are relatively permanent, then the government can be compelled to raise taxes and asked for a higher public service to the company. Therefore, large-sized companies are likely to report lower earnings are relatively permanent with conservative accounting organizing (Lo, 2005).

H4: Size effect on accounting conservatism.

Framework



3. RESEARCH METHODS

Types of research

The data used in this research is secondary data, ie data obtained from existing data sources. Data already available and does not need to be collected by the researchers (have now, 2013). In this study of the company's annual financial report. The data obtained will be a number of figures obtained will be analyzed further in the data analysis.

Research sites

This research was conducted at the Indonesian Stock Exchange (BEI) in the period of 5 years beginning in 2012-2016. BEI BEI chosen because it is the first stock exchange in Indonesia are considered to have complete data and have been well organized.

Variables and Measurement

The variable is the object of research or what is the focal point of a study (Arikunto, 2006: 96). The research variables are attributes which affect satisfaction pemustaka hotspot services to meet the information needs pemustaka. The variables in this study is accounting conservatism as the dependent variable, whereas tax incentives and non-tax factors (earnings pressure, leverage, and size) is the independent variable. These variables can be explained as follows:

Dependent variables

Accounting conservatism is cautious about something that is not bound by delaying recognizes gains and accelerate recognized expense. Conservatism recognizes the costs or losses that may occur, but do not immediately recognize future earnings despite the possibility of (Harahap, 2012).

Based on research that has been done Ikhsan Top Yoga (2015), in this peneltitian accounting conservatism measurement is done by using the

measurement book to market ratio (BTMR). From the results for the amount of equity and the price of shares outstanding by the formula:

$$BTMR = \frac{\text{total Capital}}{\text{Shares} \times \text{share price closing}}$$

Independent variables

The independent variables consist of tax incentives, earnings pressure, leverage, and size.

Tax Incentives

Tax incentives is the ease and encouragement offered to the taxpayer, the taxpayer expectations are motivated and compliant implement obligation taxation. Calculation changes in income tax rates using tax planning as a measure of tax incentives in accordance with Meri research Apriani (2015) formulated by the formula:

$$\text{Tax Plan (TP)} = \frac{\text{Income Tax Rate} \times (\text{Profit sebelum pajak} - \text{tax expense of today})}{\text{total assets Earning}}$$

Pressure

Earning pressure is an action to decrease accruals are lower income taxes that will be paid into a small (Yin and Cheng, 2004). Earning pressure can be calculated by reducing the profit for the year and the last year's profit is then divided by the total assets of the beginning of the year which is formulated by the formula:

$$EP = \frac{\text{Profit for the year} - \text{last year's earnings}}{\text{Total assets of the beginning of the year}}$$

The level of debt (leverage)

leverage is the use of assets and resources by companies that have a fixed load. Based on research Alhayati (2013) in the Main Yoga Ikhsan (2015), in this study leverage measured by debt-equity ratio (DER) of the quotient of total debt to total capital is formulated by the formula:

$$DER = \frac{\text{Total Debet}}{\text{Totl Capital}}$$

Company Size (Size)

The size of the company is a scale where diklasifikasikannya companies according to size. Based on research Septian and Anna (2014), the research firm size (size) is measured by the results of a normal logarithm of the number of assets that are formulated by the formula:

$$\text{Total asset size} = \text{Ln} (\text{Size})$$

Population and Sample

Population

Population is a generalization region consisting of the objects and subjects that have certain qualities and characteristics that are applied by researchers to learn and then withdrawn conclusion (Sugiyono, 2013: 80). The population used in this study are all manufacturing companies that have been listed in the Indonesia Stock Exchange (BEI) in the year 2012 to 2016 with the number of 143 companies.

sample

The sample is part of the number and characteristics possessed by this population (Sugiyono, 2013: 81). Thus the sample is part of the population whose characteristics are going to be investigated, and could represent the whole population so that fewer of the population. This study using purposive sampling method of sampling, the method of election of the population in accordance with the criteria required in the study sample. Some of the criteria set for obtaining the sample as follows:

1. Listed on the Stock Exchange and publish financial statements that have been consistently and complete audit of the years 2012 to 2016.
2. The company's financial reporting period ends each December 31.
3. Presenting contemporary account the tax burden on the financial statements for 2012-2016.
4. Publish financial statements in Indonesian Rupiah.
5. Have complete data, in accordance with the needs of researchers.

Data collection technique

In obtaining the data in this study researchers used a research library, the researchers obtained data relating to the issues being researched through books, journals, internet, and other devices related to the title of the study. Researchers using secondary data which is a source of research data obtained by researchers indirectly through the medium. In this method, the necessary data is collected and recorded. The data used is derived from the financial statements consisting of the statement of financial position (balance sheet) and profit or loss derived from the manufacturing companies listed in Indonesia Stock Exchange (BEI) in the period 2012-2016

Technical Analysis

The data analysis technique is a method used to process the results of research in order to obtain a conclusion. By looking at the theoretical framework, the technical analysis of the data used in this research is quantitative analysis. Technical analysis of the data is directed to answer the problem formulation or test the hypotheses that have been formulated in this study. Due to the quantitative data, the technical analysis of the data using statistical methods that have been available. Methods of data analysis in this research using descriptive statistics, test classic assumptions, and hypothesis testing.

Regression analysis

Regression analysis was used as a method of analysis because it can measure the degree of influence of independent variables on the dependent variable conservatism accounting, and characterthe relationship of each independent variable is positive and negative on the dependent variable. If the regression line covered more than two variables, the regression is called multiple linear regression (Multiple Linear Regression). In multiple regression dependent variable Y depends on two variables or more independent variables X. Multiple Regression influence asset component current tax expense against conservatism as follows:

$$Kat + 1 = a + \beta_0 + \beta_1 EP + IP + \beta_2 + \beta_4 \beta_3 LEV SIZE + e$$

Information:

- a = constant
- Kat + 1 = Accounting Conservatism (n = 1)
- $\beta_1 \beta_2 \beta_3 \beta_4$ = constant
- IP = The tax incentives
- EP = *Earning pressure*
- LEV = *leverage* (Debt level)
- SIZE = *size* (The size of the company)
- t = Year
- e = Error

4. RESULTS DISCUSSION

Analysis Descriptive Statistics

Table 1 Descriptive statistical

	N	Minimum	maximum	mean	Std. deviation
IP	70	.00000	.05217	.0209380	.01492537
EP	70	-.15133	.08977	.0014273	.03414865
LEV	70	.00020	1.95494	.5812831	.47241629

SIZE	70	26.66318	32.15098	29.2650719	1.59109734
KA	70	.12766	8.95652	1.8623221	2.44594514
Valid N (listwise)	70				

Earning pressure (EP) has the smallest value of -0.15133, PT Arwana Citramulia Tbk in 2015 and the company that has the largest value of 0.08977, PT Lion Metal Works Tbk in 2012 with the average and standard deviation of 0.0014273 and 0.03414865. This shows that the research data is quite low deviation of 3.41%.

leverage (LEV) has the smallest value of 0.00020 namely PT Indospring Tbk in 2016 and the company that has the largest value of 1.95494, PT Budi Acid Jaya Tbk in 2015 with the average value and standard deviation of 0.5812831 and 0.47241629. This shows that the deviation of the research data is also low, amounting to 47.24%.

Accounting Conservatism (KA) has the smallest value of 0.12766 namely PT Arwana Citramulia in 2013 and the company that has the largest value of 8.95652, PT Cahaya Kalbar Tbk in 2013 with the average value of the standard deviation of 1.8623221 and 2.44594514.

Size has the smallest value of 26.66318 namely PT Cahaya Kalbar Tbk in 2012 and the company that has the largest value of 32.15098, PT Indofood Sukses Makmur Tbk in 2015 with an average value of 29.2650719 and a standard deviation of 1.59109734.

Multiple Linear Regression

Table 2 Regression Bergada

variables	Coefficient
C	25 891
IP	-58 091
EP	3,692
LEV	-1594
SIZE	-.748

From the table above can be formulated in a regression equation to determine the effect of tax incentives, earnings pressure, leverage, and size accelerated towards conservatism accounting as follows:

$$KA = 25\ 891 - 58.091X1 + 3.692X2 - 1.594X3 - 0.748X4$$

1. constants

At the time of tax incentives, earnings pressure, leverage and size in a state of constant or fixed, then the amount of the accounting conservatism amounted to 25 891. Assuming other factors held constant or zero.

2. Tax incentives

The regression coefficient of tax incentives (IP) of -0354 and is negative, it is stated that any change in tax incentives one assuming other variables remain the possibility of accounting conservatism has decreased -58 091.

3. *Earning Pressure*

The regression coefficient of earnings pressure (EP) of 0052 and is positive, it means that any changes to earnings pressure one assuming other variables remain the possibility of accounting conservatism will increase by 3,692.

4. *leverage*

The regression coefficient of leverage (LEV) amounting -0308 and is negative, it is stated that any changes to leverage one assuming other variables remain the possibility of accounting conservatism will be decreased by -1594.

5. *size*

The regression coefficient of -0487 size and are negative, it is stated that any change of size one, assuming other variables remain the possibility of accounting conservatism will be decreased by - 0748.

Test Results Statistics T

Table 3. The results of the statistical test t

variable	coefficient	Std. Error	beta	z-statistic	prob
(Constant)	25 891	4,091		6328	0
IP	-58 091	18,365	-0354	-3163	0.002
EP	3,692	7442	0052	0496	0.622
LEV	-1594	0503	-0308	-3168	0.002
SIZE	-0748	0145	-0487	-5162	.0000

Effect of Tax Incentives on the Accounting Conservatism

Based on Table 3 H1 hypothesis test results indicate that the independent variable tax incentives (IP) effect on accounting conservatism (KA) with a rate of 0.002 smaller than $= 0.05$. In this case means that the hypothesis 1 is acceptable and it can be concluded that tax incentives affect the accounting conservatism. Companies that take advantage of tax incentives for the practice of conservatism would get in trouble by the tax authorities in the future. This is because the company's expense in the period to come can already be charged to the current period. So that the financial statements be inaccurate. These results support previous research by Wicaksono and Herrera (2012) which states that companies that take advantage of tax incentives for the practice of accounting conservatism will be in trouble by the tax authorities in the future. This is because the company's expense in the period to come can already be charged to the current period. So that the financial statements be inaccurate. Amelia (2013) states that the tax incentives affect the accounting conservatism, meaning through the reduction of tax rates imposed government managers will strive to maximize value by minimizing the tax burden.

Effect of Earning Pressure on Accounting Conservatism

Based on Table 3 H2 hypothesis test results indicate that the independent variable earnings pressure has no effect on accounting conservatism. The test results of individual parameter significance (t statistical test) showed no significant result for 0.622 is greater than $\alpha = 0.05$. The test of the hypothesis 2 is rejected and it can be concluded that the earnings pressure has no effect on accounting conservatism. Earning pressure which does not affect the accounting conservatism indicate that the profits derived from operating results of the company, if the company's operating income declined due to the company, it will not have an impact on the accounting policies set by the company. It also shows that the pressure does not participate in the earnings affect the manager's decision to lower profits if profits from the company exceeded the target for tax purposes through accounting conservatism. Companies whose profits do not reach the target, loss of profits made for tax purposes can be reduced by earnings pressure in order to improve the accounting profit. The company makes a profit (profit firm), when earnings have reached or even exceeded, loss of profits made for tax purposes can be reduced by earnings pressure to perform income smoothing (Yen and Cheng 2004). However, this study does not support the statement that earnings pressure does not affect the application of accounting conservatism. Verawaty (2015) stated that earnings pressure has no effect on accounting conservatism indicate that the profits derived from operating results of the company, if the company's operating income declined due to the company, it will not have an impact on the accounting policies set by the company. It also shows that the pressure does not participate in the earnings affect the manager's decision to lower profits if profits from the company exceeded the target for tax purposes through accounting conservatism. thus, the pressure did not affect earnings in the application of accounting conservatism. will not have an impact on the accounting policies set by the company. It also shows that the pressure does not participate in the earnings affect the manager's decision to lower profits if profits from the company exceeded the target for tax purposes through accounting conservatism. thus, the pressure did not affect earnings in the application of accounting conservatism. will not have an impact on the accounting policies set by the company. It also shows that the pressure does not participate in the earnings affect the manager's decision to lower profits if profits from the company exceeded the target for tax purposes through accounting conservatism. thus, the pressure did not affect earnings in the application of accounting conservatism.

Effect Leverage on Accounting Conservatism

Based on Table 3 H3 hypothesis test results indicate that the independent variable leverage effect on accounting conservatism. The test results of individual parameter significance (statistical tests showed a yield of 0.002 smaller than $\alpha = 0.05$. From the test results, the hypothesis 3 is received and it can be concluded that the leverage effect on koservatisme accounting, influential variable leverage associated with higher levels of debt held by company, the lenders have greater rights to know and supervise the conduct of operations and the accounting of the

company. creditors will tend to require managers to implement accounting konservatime in preparing the financial statements.

These results support the research that has been done by the Goddess and Suryanawa (2014) and Alhayati (2013) which concluded that the level of debt (Leverage) effect on accounting conservatism, Alfian and Sabeni (2013) which concluded that the leverage ratio effect on accounting conservatism. Wicaksono (2012) which is the level of debt (leverage) effect on accounting conservatism with a positive direction. If the level of debt (leverage) increases, the accounting konservatime also increased. But unlike the results of research conducted by Pramudita (2012) which concluded that the level of debt (leverage) has no effect on accounting conservatism.

Influence of company size (Size) of the Accounting Conservatism

Based on Table 3 H4 hypothesis test results show that the size of independent variables affect the accounting conservatism. The test results of individual parameter significance (statistical tests show the results of 0000 is smaller than $\alpha = 0.05$. The results of these tests, then Hypothesis 4 is accepted and can be concluded that the size effect on accounting conservatism. Conservatism accounting of the company is affected by the size of a company. The large an enterprise the greater the total assets of a company, thus generating profits relatively high. this causes great company reported low profit secararelativelpermanen by organizing conservative accounting. These results support the research that has been done by Amelia (2013), Sari and ndhariari (2009) and Wicaksono (2013) which states that the size of the company (size) effect on accounting conservatism. But unlike the results of research conducted by Verawaty (2015) and Prog et al (2014) which states that the size of the company (size) does not affect the accounting conservatism.

5. CONCLUSION

This study aims to examine the impact of tax incentives and non-tax factors to kosnervatisme accounting. The independent variables consist of tax incentives, earnings pressure, leverage, and size. This study using 70 samples manufacturing companies in Indonesia Stock Exchange (BEI) in the period 2012 to 2016. Based on the analysis and discussion that has been performed using multiple linear analysis, it could be concluded the following data:

1. From the test results of analysis showed that the variables have an influence on tax incentives accounting conservatism in companies listed on the Indonesian Stock Busa therefore Hypothesis 1 received.
2. From the test results analysis shows that *earnings pressure* has no effect on accounting conservatism on manufacturing companies listed in Indonesia Stock Exchange and therefore Hypothesis 2 was rejected.
3. From the test results analysis shows that the variable level of debt (*leverage*) Has an influence on accounting conservatism on manufacturing companies

listed in Indonesia Stock Exchange and therefore the third hypothesis is accepted.

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