

## **ABSTRACT**

*Income smoothing is an action performed by the company's management with the aim of reducing earnings fluctuations so that profits become stable and to show good performance to investors. If profits at the company appear to fluctuate, then investors assume that the company has a high risk, so it can reduce motivation to invest. This encourages management to practice income smoothing as an alternative that can be done if the company's profits fluctuate. Income smoothing is done by increasing or decreasing the profit that will be reported by moving more profitable year income to a less profitable year.*

*This study uses two types of variables, namely independent variables (cash holding, profitability, and leverage) and the dependent variable (income smoothing). This study was conducted to determine the effect simultaneously and partially variable cash holding, profitability, and leverage to income smoothing in mining companies listed on the Indonesia Stock Exchange in 2013-2017.*

*The method in this research is quantitative research method with the type of this research is descriptive verification of causality. The hypothesis in this study was tested using descriptive statistical analysis and logistic regression analysis using SPSS 25.0 software. Sampling technique used in this study is a purposive sampling technique that obtained 6 research samples within a period of 5 years so that obtained 30 units of sample mining companies listed on the Indonesia Stock Exchange in 2013-2017.*

*The results showed that cash holding, profitability, and leverage simultaneously have a significant affect on income smoothing. Partially, cash holding has a positive and significant effect on income smoothing, while profitability is proxied by return on assets (ROA) and leverage is proxied by a debt to asset ratio (DAR) does not have a significant effect on income smoothing.*

*For investors, the results of this study can be useful information as a consideration in making investment decisions. Investors are expected to pay more attention to cash holding rates because these variables have a significant effect on income smoothing.*

**Keywords:** *Income Smoothing, Cash Holding, Profitability, Leverage*