ABSTRACT

Earnings management practices are attempts to change, hide, and manipulate numbers in financial statements and toying with the accounting methods and procedures used by companies. This is done because management is motivated by many factors, namely motivation for bonus plans, long-term debt contracts, taxation motivation, initial public offering, initial bond offering, and political motivation. In this study earnings management is proxied by discretionary accruals.

This study was conducted to determine how the simultaneous and partial influence of tax planning, deferred tax expense, deferred tax assets, managerial ownership, and free cash flow on earnings management in transportation sub-sector companies listed on the Indonesia Stock Exchange (IDX). The population in this study is the transportation sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2016-2018. The sample selection technique used purposive sampling and obtained 26 companies with observations over three years so that 78 samples were observed. The analysis technique used in this study is panel data regression analysis using Eviews 10 software.

Based on the results of the study, tax planning, deferred tax expense, deferred tax assets, managerial ownership, and free cash flow simultaneously affect earnings management. Partially, deferred tax expense has a positive effect on earnings management. While tax planning, deferred tax assets, managerial ownership, and free cash flow have no effect on earnings management.

Keywords: *Tax planning, deferred tax expense, deferred tax assets, managerial ownership, free cash flow, earnings management.*