

ABSTRACT

Profit holds an important position in a company. With profit, a company can maintain its life and develop for the sake of its business's progress. Earning persistence is one of the ways to estimate the profit's quality by predicting the profit in the future. This is useful, especially for the investors in allocating the right amount of fund to be invested.

The objective of this research was measured to determine the effect of variable book tax differences and operating cash flow (OCF) either simultaneously or partially to the variable earning persistence (EP) as well as the variable most dominant influence on earning persistence. Book tax differences variable is projected with permanent difference (PD) and temporary difference (TD) variable because of the differences between accounting and fiscal policy.

The type of this research is descriptive verification that is causality. The number of mining sector coal companies listed on the Indonesia Stock Exchange (BEI) over the period 2011-2015 were entered as the population register is a total of 23 companies. The sampling technique chosen is a kind of nonprobability sampling that is purposive sampling. Based on the sampling technique has done, only 10 companies were valid. Model analysis of the data in this research is using panel data regression analysis with Eviews 8.0. software.

Based on the results of this research, it showed a combination of permanent difference (PD), temporary difference (TD), and operating cash flow (OCF) can explain or influence the dependent variable earning persistence (EP) 22%, while the remaining 88% influenced by other variables outside the research that is not included in this model. The results also showed simultaneously PD, TD, and OCF significant effect on EP.

Through partial test results obtained showed that the variables PD significant effect with the negative direction of the EP. TD and OCF variables are did not significantly affect EP.

Keywords: Book Tax Differences, Permanent Difference, Temporary Difference, Operating Cash Flow, Earning Persistence