ABSTRACT

Financial statement is a source of information used by internal or external companies. The purpose of preparing financial statements is to provide financial information that is beneficial to stakeholders in making a decision. However, sometimes management as a part that has the authority to use and manage the resources within the company actually changes the financial statements for personal benefits. One of the actions is to conduct earnings management, where management tries to change financial statements so that the company's performance looks good in the of stakeholder's sides.

This study aims to examine empirical evidence both simultaneously and partially about the effect of deferred tax, profitability, and leverage on earnings management in banking companies listed on the Indonesia Stock Exchange (IDX) for the period 2010-2017.

This study consisted of 200 samples at banking companies listed on the IDX in the period 2010-2017. This sample was obtained by purposive sampling. The analytical method used in this study is descriptive statistical analysis and panel data regression.

The result showed that simultaneously deferred tax, profitability, and leverage had an effect on earnings management. While partially, deferred tax does not have effect on earnings management, profitability has a positive effect on earnings management, and leverage has a negative effect on earnings management.

***Keyword**s: deferred tax, profitability, leverage, earnings management*