ABSTRACT

Income smoothing is corporate management's efforts to reduce fluctuations in earnings on financial statements to make it more attractive to investors. This is usually done by manipulating financial statements, especially in the income statement section.

This study aims to see the effect of profitability, financial leverage, income tax, and winner/loser stocks on income smoothing in the financial sector companies in the banking sub-sector listed in the Indonesia Stocks Exchange in 2016-2019.

This research is a desrcriptive and verification research with a quantitative research approach with data collection using purposive sampling technique. There are 22 companies as samples over 4 years period which result in 88 research samples. Data processing was carried out with the help of the SPSS 25.0 application to use descriptive statistical analysis and logistic regression analysis.

Based on the results of the study, showed that the profitability, financial leverage, income tax and winner/loser stocks variables have simultans effect on income smoothing. Based on partial testing, the results show that the variable profitability has posistive effect on income smoothing, income tax has negative effect on income smoothing, financial leverage and winner/loser stocks have not effect on income smoothing.

The results of te study are expected to be used are guideleines for company managements and investors to be more careful in making decisions. And this research is expected to add insight and knowledge about income smoothing practices.

Keywords*: Financial Leverage, Income Tax, Income Smoothing, Profitability, And Winner/Loser Stocks*