

ABSTRACT

ANALYSIS OF THE INFLUENCE OF DEFERRED TAX ON FINANCIAL PERFORMANCE

(Study on Manufacturing Company that Listing on the Indonesian Stock Exchange in 2011-2013)

By

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Firm's financial performance influenced by the amount of deferred tax and temporary differences. The purpose of this study are to provide empirical evidence about the influence of deferred tax on firm's financial performance and to identify the temporary differences which cause the deferred tax. The sample consist of sixty three of firm's financial report which were selected using purposive sampling. Firm's financial performance is measured by Return on Asset (ROA) and Return on Equity (ROE) while deferred tax expense is proxied of deferred tax. The data analysis technique used linier regression and processed using SPSS program version 21.

The result showed that deferred tax expense has an impact on firm's financial performance both in ROA and ROE model. Deffered Tax Expense has an impact around 49,2 % on ROA otherwise deffered tax expense also has an impact on ROE around 68,5%. Meanwhile, deffered tax expense has t significance test value of 0,000 or <0,05 both in those model. Temporary differences components which cause the deffered tax can be identified by depreciation of fixed asset, employee benefit - netto, tax loss, leasing and amortization. This study has contribution for society in order to know the importance of deffered tax implementation and temporary differences on firm's financial performance.

Key Words: deffered tax expense, temporary differences, firm's financial performance, return on asset (ROA), return on equity (ROE)