

ABSTRACT

The lack of clarity usage of deferred tax as an indicator of earning management were obtained with various significant model if compared to accrual model, then this model develop some model use as comparison that is using additional factor “Audit Committee”. Using additional variable in this research model for verify some variable toward earning management that proxify use accrual model as well as deferred tax expense need some empirical evidence to see the effect of deferred tax expense as an earning management measurement as accrual and at once verify Phillips, Pincus, Rego (2003) argument that deferred tax expense form to indicate earning management.

This research aim to (i) to verify the impact of deferred tax expense towards earning management; (ii) to verify the impact of accrual against earning management; (iii) to evaluate and look for empirical evidence that deferred tax expense can be used to do earning management with verify that variable which became determinant (predictor) of accrual earning management which also became the determinant of deferred tax expense. The population used in this study as the object of the company is a manufacturing company which listed on the Indonesia Stock Exchange during 2009 to 2011 as many as 148 companies, while that made the object of research (samples) in this study amounted to 75 companies selected using purposive sampling method. Data were tested using logistic regression method.

From the analysis, it is known that (i) research result indicated that deferred tax expense (DTE) have significant effect towards earning management with positive direction. Companies with higher deferred tax expense do earning management for avoiding loss; (ii) research result indicated that accrual have significant effect towards earning management with positive direction. Companies with higher accrual do earning management for avoiding loss.

Key Word: *deferred tax, earning management, accrual, financial statements*