

ABSTRACT

This study analyzed both from theoretical and empirical point of view in taxable temporary differences reversal and deductible temporary differences reversal in Indonesian firms. Derived from the reversal, this study questioned whether choice in using comprehensive tax allocation is applicable or not applicable for firms. Besides that, this study analyzed how firms behavior in each industry sector in using interperiod tax allocation.

Based on purposive sampling method, 973 firms listing on the Indonesia Stock Exchange (IDX) during the period 2005, 2006, and 2007 were analyzed. To analyses the temporary differences reversal, the samples were first disaggregate into sector industries according to Indonesian Capital Market Directory (ICMD). After that, the samples were disaggregated into different groups, according to whether the differences were taxable temporary differences or deductible temporary differences. A calculation was made of some descriptive statistic, which made it possible to drawn robust conclusion so the way Indonesian firms reported their taxable temporary differences and deductible temporary differences reversed.

The result of this research provides evidence those Indonesian firms using Interperiod Tax Allocation consistent with PSAK No. 46 and IAS 12. This research also provides evidence that that firms' behavior in each industry sector when applying Interperiod Tax Allocation are different.

Keywords: interperiod tax allocation, temporary differences, income tax, Indonesia

