ABSTRACT

This study aims to analyze the differences in the company's financial performance before and after the determination of tax incentives and tax relaxation for the Covid-19 pandemic. Economic conditions run into weakened and decreased due to the emergence of the Covid-19 pandemic in 2020, so, the tax facilities were set in the form of tax incentives and tax relaxation. Therefore, a test was carried out to find out whether there were differences in the company's financial performance before and after the determination of tax incentives and tax relaxation for the Covid-19 pandemic. This study is a replication of the research conducted by Teroui et al (2011) in Tunisia with the equation of variables and indicators of research measurement. There are some differences in the research location, the use of data sources, data analysis methods and also the results of research tests.

The research population is 212 multinational companies from eleven sectors on the IDX and the sample that are used in the study is 144 companies with a two-year observation period between 2019 and 2020, so, the number of observations is 288. The study uses secondary data in the form of the company's annual financial statements in 2019- 2020 which were sourced from the official website of the Indonesia Stock Exchange (www.idx.com). The method of this research used is a non-parametric difference test; the Wilcoxon Signed-rank test with the statistical tool SPSS Ver. 23.

The results showed the differences in profitability variables and the implications of corporate tax incentives and tax relaxation policies in the period of before and after the determination of the Covid-19 pandemic tax incentives and relaxation. While the output variables, debt capacity, capital stock, and employee costs did not show any differences in the period before and after the determination of incentives and tax relaxation for the Covid-19 pandemic.

Keywords: Tax incentives, tax relaxation, corporate financial performance, multinational companies, the Covid-19 pandemic.

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