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The Effect of Leverage and Firm Size to Assets Revaluation Decision

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Abstract. Assets are resources that are controlled by a company as a result of past events and from which future economic benefits are expected to be obtained by the company. In general, assets are divided into 2 groups, namely current assets and non-current assets. Current assets are assets that can be converted into cash in one operating cycle of the company or a maximum of 12 (twelve) months. While non-current assets are assets other than those classified as current assets. Non-current assets include fixed assets, intangible assets and long-term financial assets. The reporting of non-current assets in the statement of financial position according to the International Financial Reporting Standard (IFRS) is presented at fair value. On October 15, the Minister of Finance of the Republic of Indonesia released the Minister of Finance Regulation (PMK) No. 191 / PMK.010 / 2015 concerning Reassessment of Fixed Assets for Taxation Purposes for Requests Proposed in 2015 and 2016. Based on these two matters, many public companies should conduct asset revaluation, especially in 2015 and 2016. This is due to this year the government provided incentives in the form of a reduction in the final income tax rate on the revaluation of fixed assets.

This study aims to determine internal factors that influence the company's decision to revalue assets. The dependent variable studied is the decision of the company to do a revaluation or not. The dependent variable is proxied by the dummy variable, which is the revaluation of assets given a score of 1, while those who do not do a revaluation are given a score of 0. The independent variables in this study are Leverage and Firm Size. Logistic regression analysis was chosen to analyze whether leverage and firm size have an influence on the company's decision to revalue assets. This research is expected to contribute to factors that influence the company's decision to revalue assets.

Keywords : revaluation, non current assets, leverage, firm size