

The Effect of Tax Planning and Earnings Management on Firm Value with Managerial Ownership as a Moderator

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Abstract

Every company has a goal to maximize profits and increase company value. Many strategies are carried out by management so that the company gets maximum corporate value, one of which is financial decisions, such as doing tax planning in order to minimize the tax burden. Apart from tax planning, other management decisions that can affect firm value are earnings management. In terms of tax planning and earnings management, corporate governance must certainly play an important role in assessing how much corporate tax should be recognized in accordance with applicable laws and also in the presentation of corporate financial statements that reflect the real condition of the company. One of the corporate governance mechanisms is managerial ownership. This study aims to determine: (1) the effect of tax planning on firm value; (2) the effect of earnings management on firm value; (3) the effect of managerial ownership on firm value; (4) the effect of tax planning on firm value with managerial ownership as a moderator; and (5) the effect of earnings management on firm value with managerial ownership as a moderator. The population in this study is the food and beverage sub-sector companies listed on the IDX in 2014-2018. While the research sample was determined using purposive sampling method in order to obtain 12 companies or 60 data. The method of analysis in this study is the moderation regression analysis test. The results of this study indicate that partially tax planning and managerial ownership have a significant negative effect on firm value, while earnings management has no effect on firm value. Managerial ownership as a moderating variable of the relationship between tax planning and firm value has a positive effect, while managerial ownership as a moderating variable does not affect the relationship between earnings management and firm value. So it can be concluded that managerial ownership as a moderating variable strengthens in moderating tax planning on firm value.

Keyword: tax planning, earnings management, managerial ownership, and firm value

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