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The Effect of Book Tax Differences on Profit Growth (Empirical Study of Food and Beverage Companies Listed on the Indonesian Stock Exchange for the 2019-2023 Period)

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Abstrac
This research aims to analyze the effect of temporary differences on profit growth. The object of this research is food and beverage companies listed on the Indonesian Stock Exchange (BEI), with an observation period of 2019-2023. The data used in this research is based on annual financial reports obtained via the website www.idx.co.id The sampling method uses purposive sampling and the data analysis method uses quantitative analysis. As for the techniques used to test the accuracy of the data, the author uses classic assumption tests, namely normality test, heteroscedasticity test, autocorrelation test, multicollinearity test, multiple regression analysis. Correlation coefficient analysis, determination analysis, t test analysis and F test analysis. Using the SPSS 26 application. The test results for the Temporary Difference variable determined the calculated t value of 0.818 and a significant 0.417. so it can be calculated that the calculated t value < t table (0.818 < 1.669) and is significant 0.417 > 0.05. So it can be concluded that temporary differences have no effect on profit growth. The test results for the Permanent Difference variable found a calculated t value of 0.886 and a significant 0.380. so it can be calculated that the calculated t value < t table (0.886 < 1.669) and the significance is 0.380 < 0.05. So it can be concluded that permanent differences have no effect on profit growth. The results of this research show the results of simultaneous testing for the variables of temporary differences and permanent differences in finding a calculated f value of 0.812 and a significant 0.450. so it can be calculated that the calculated f value < f table (0.812 < 0.450) and is significant 0.450 > 0.05. So it can be concluded that temporary differences and permanent differences do not simultaneously influence profit growth.

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1. INTRODUCTION

In managing a company well, information about profits (earnings) has a very important role for parties interested in a company. Company internal and external parties often use profits as a basis for making decisions such as giving and distributing bonuses to managers, measuring management achievement or performance, and the basis for determining the amount of tax imposed. Therefore, earnings quality is the center of attention for investors, creditors, accounting policy makers and the government. Quality profits are profits that can reflect the continuation of profits (sustainable earnings) in the future, which are determined by the accrual and cash flow components (Nurhafifah et al., 2022).

Profit Growth is a change in financial statements per year. Profit growth is related to how stable profits will be in the coming year.(Rialdy, 2017) in the journal (Julioe, 2017)Profit growth is calculated by reducing the profit of the current period with the profit of the previous period and then dividing by the profit of the previous period. Profit growth can be formulated as follows:

PL = its Net Profit – Net Profit it-1
Net Profit it-1

Information:
PG(it) : Profit Growth of company i in year t
NI(it) : Profit after tax of company i in year t

The main goal of the company is to obtain maximum profits. To achieve this, companies must continue to increase their competitiveness with other companies. This increase is in line with the increasing number of companies, especially in the food and beverage sector, which makes competition increasingly fierce. Every company strives to exist and be the best, so they are encouraged to make mature decisions, both in strategy and innovation, in order to remain competitive in this competition.

The goal of finance is to provide information that is useful for decision making. To facilitate this goal, Financial Accounting Standards (SAK) establish criteria that accounting information must have in order to be used in decision making. The main criteria are relevant and reliable. Accounting information is said to be relevant if it can influence decisions by changing the expectations of decision makers, and the information is said to be reliable if it can be trusted (Nofrita & Sebrina, 2014).

The cause of differences in commercial financial reports and fiscal financial reports (book-tax differences) is because there are differences in accounting principles, differences in accounting methods and procedures, differences in recognition of income and costs, as well as differences in the treatment of income and costs (Rosanti & Zulaikha, 2013).

Book-tax differences are differences in the amount of profit calculated based on accounting and profits calculated in accordance with tax regulations. Generally, companies operating in the business sector will prepare financial reports for two purposes every year.

Temporary differences or time differences are differences in the timing of income or cost recognition between tax and accounting, resulting in the amount of accounting profit being higher than tax profit or vice versa in a period (Deviana & Kiswara, 2010). Temporary differences can be formulated as follows (Febiyanto, 2014:35):

TBTD = TT
FACING

Information:
TBTD = Temporary book-tax differences
TT = Total temporary differences (for example: depreciation, inventory valuation
TA = Total Asset

Suandy (2008) in the journal (Widiyanto & Mahsun, 2019) stated that the fixed difference is the difference between the calculation of fiscal profit in tax regulations and the calculation of profit according to Financial Accounting Standards (SAK), without any correction at a later date. This difference is due to certain income and expenses that are included in the Tax Return (SPT) but are not recognized in the financial statements, and vice versa. This causes fiscal profit to be different from commercial profit. Fiscal corrections related to fixed differences will end in the budget year concerned and have no impact in subsequent years (Alim, 2010; 26) in the journal (Sapitri, 2022). The differences can still be formulated as follows (Febiyanto & Cahyonowati, 2014):

PBTD = City
FACING

Information:
PBTD = Permanent book-tax differences
TT = Total permanent difference
TA = Total Asset

With temporary and permanent differences, commercial financial reports must be corrected first to calculate taxable income. This correction is called fiscal correction. Fiscal corrections consist of positive corrections and negative corrections. Positive corrections are fiscal corrections that cause taxable income to increase, which in turn has the effect of increasing the value of income tax payable. Meanwhile, a negative correction is a fiscal correction that causes taxable income to decrease, which in turn has the effect of reducing the value of income tax payable. The size of the income tax owed by the company will affect the net profit the company will generate.

Apart from the inconsistencies that occur between the data obtained and statements from previous researchers, research results from several other previous researchers have also provided different conclusions regarding the effect of book-tax differences on profit growth. For example, research conducted by Zati Rizka Fadhila & Pancawati Hardi Ningsih entitled "The effect of temporary and permanent differences on profit growth with small and large book-tax differences as moderation shows that small and large book-tax differences have no effect on profit growth, while the research conducted by Yulianto & Lindawati in their research entitled "The Effect of Book-tax Difference and Company Financial Performance on profit growth in companies with the largest market capitalization in Indonesia shows that book-tax difference influences profit growth, this is proven by the probability value of 0.000007 which is smaller than 0 .05.

Based on the case above, the author is interested in exploring how the differences between accounting profit and fiscal profit are described by time differences and permanent differences in profit growth in companies operating in the food and beverage industry listed on the Indonesia Stock Exchange. Therefore, researchers are interested in conducting further research with the title **"The Effect of Book-Tax Difference on Profit Growth".**

2. RESEARCH PURPOSES

The objectives to be achieved in this research can be stated as follows:

1. To determine the magnitude of the influence of temporary differences on profit growth in food and beverage companies on the Indonesia Stock Exchange in the 2019-2023 period.
2. To find out the magnitude of the permanent difference in profit growth in food and beverage companies on the Indonesia Stock Exchange in the 2019-2023 period.
3. To determine the magnitude of the influence of temporary differences and permanent differences on profit growth in food and beverage companies on the Indonesia Stock Exchange in the 2019-2023 period.

3. RESEARCH METHOD

This research was conducted using a descriptive method with a quantitative approach. Quantitative research methods are research methods used to obtain data that occurred in the past or currently, about beliefs, opinions, characteristics, behavior, variable relationships and to test several hypotheses about sociological and psychological variables from samples taken from certain populations.

In this research, the population of companies listed on the Indonesia Stock Exchange during the 2019-2023 period was 48 companies.

The population in this research is all Food and Beverage companies listed on the Indonesia Stock Exchange in 2019-2023. The research sample selection used the purposive sampling method. This research uses secondary data sources, namely data obtained indirectly through intermediary media. Data related to this research include financial reports in the form of temporary differences, reports on fixed differences, fixed assets, profit growth and notes on financial reports from 2019-2023. Therefore, the author chose a purposive sampling technique which sets certain criteria that must be met by the samples used in this research. Based on the explanation above, there are four criteria in determining samples using the purposive sampling technique as follows:

1. The company used as the object of this research is a Food and Beverage Company listed on the Indonesia Stock Exchange in 2019-2023.
2. Food and Beverage Companies that publish financial report data for 2019-2023.
3. The sample company's financial reports are presented in rupiah.
4. Food and Beverage Companies that have not experienced losses for 5 consecutive years.

Based on this explanation, 13 companies were recorded that met the criteria for determining the sample.

3. RESEARCH RESULTS AND DISCUSSION

3.1 Descriptive Analysis Results

According to Sugiyono (2019), descriptive analysis is analyzing data by describing or illustrating the data that has been collected as it is without intending to make general conclusions and generalizations.

The aim of using this method is so that researchers are able to obtain a description of Temporary Differences, Permanent Differences and Profit Growth in Food and Beverage Sub-Sector companies listed on the Indonesia Stock Exchange for 2019-2023. So with this model, what is the problem formulation in points one, two, three in this research will be answered. The formula used in this descriptive analysis is a formula *Mean*, Minimum and Maximum.

Table 4.3
Descriptive Statistics
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Temporary Differences	50	-3.93	17.28	14.4110	3.02501
Permanent Differences	50	2.19	18.11	14.5040	2.48643
Profit Growth	50	14.70	22.26	19.1313	1.62019
Valid N (listwise)	50				

Based on the table above from a sample of N of 50 in the 5 years research period 2019-2023 using SPSS, the results of the analysis can be seen as follows:

The results of the calculation of the variable

The results of the calculation of the variable

The results of the Y Profit Growth calculation presented in table 4.3 above show that the variable measurement of N of 50 in the 2019-2023 period has a minimum value

of 14.70, a maximum value of 22.26, an average of 19.1313 and a standard deviation of 1.62019.

3.2 Classic Assumption Test Results

3.2.1 Normality Test

Table 4.4
Normality Test Results

One-Sample Kolmogorov-Smirnov Test

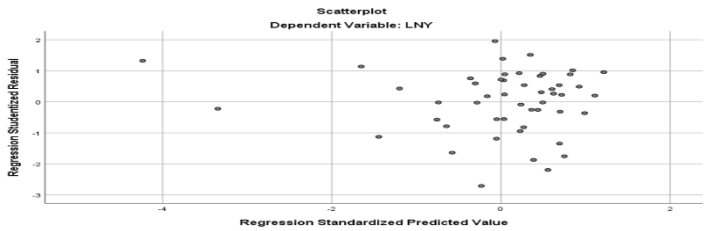
		Unstandardized Residual
N		50
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.58744433
Most Extreme Differences	Absolute	.112
	Positive	.092
	Negative	-.112
Test Statistic		.112
Asymp. Sig. (2-tailed)		.161[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Based on the results of the Kolmogrov Smirnov test in this study, it shows that the Asymp sig result is 0.161. This means that the asymp sig level shows greater than 0.05. So, it can be concluded that the data in this study is normally distributed.

3.2.2 Heteroskedasticity Test

Table 4.5
Heteroscedasticity Test Results



The heteroscedasticity test is used to determine whether the regression model has unequal variance from the residuals of one observation to another. To test heteroscedasticity, you can look at the graph *scatterplot.*

3.2.3 Autocorrelation Test

Table 4.6
Autocorrelation Test Results

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.183[a]	.033	-.008	1.62643	1.852
a. Predictors: (Constant), Fixed Difference, Temporary Difference					

b. Dependent Variable: Profit growth

From the results of the autocorrelation test using SPSS 26 above, the DW value is 1.852 by looking at the DL and DU values in the Durbin Watson table with the amount of data being 50 with k = 2, k indicating the independent variable, then the value of DL = 1.4500 and DU = 1.6231 is obtained. It can be concluded that du > DW < (4-DU) with a value of 1.4500 > 1.852 < 2.3769 so HO is accepted which means autocorrelation occurs.

3.2.4 Multicollinearity Test

Table 4.7
Multicollinearity Test Results

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Temporary Differences	.989	1.011
	Fixed Differences	.989	1.011
a. Dependent Variable: Earnings Growth			

The multicollinearity test is used to test whether the regression model finds a correlation between independent variables. A good regression model should have no correlation between independent variables. Table 4.7 shows that all independent variables have values *tolerance* (T) is greater than 0.10 and value *variance inflation factor* (VIF) does not exceed 10. This result shows that there is no multicollinearity problem. In the regression model in this research, the regression model is accepted.

3.2.5 Multiple Regression Analysis

Table 4.8
SPSS 26 Multiple Regression Application Viewer Output

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Say.
		B	Std. Error	Beta		
1	(Constant)	17.013	1.682		10.114	.000
	Temporary Differences	.063	.077	.118	.818	.417
	Fixed Differences	.083	.094	.128	.886	.380
a. Dependent Variable: Earnings Growth						

Based on the results of the multiple regression test analysis in table 4.14, the following regression equation is obtained:

Y = 17.013 + 0.063X1 +0.083X2

The linear regression equation above can be interpreted as:

a. The constant coefficient value is 17.013, which means that there are no temporary or permanent differences. So, profit growth is 17,013.
b. The regression coefficient value for the temporary difference variable (X1) is 0.063, meaning that if there is an increase in the temporary difference variable (X1) by one

unit, assuming that the other variables are constant. Then the amount of profit growth (Y) will increase by 0.063. The regression coefficient value of temporary differences has a positive value on profit growth.

c. The regression coefficient for the fixed difference variable (X2) is 0.083, meaning that if there is an increase in the fixed difference variable (X2). By one unit, assuming constant variables, the amount of profit growth (Y) will increase by 0.083. The fixed difference regression coefficient value has a positive value on earnings management.

Based on the results of the multiple regression equation, it can be seen that the independent variable that has the most influence on internal profit growth is the temporary difference variable with a beta coefficient of 0.083, the reason is because it has a large beta value when compared to other variables.

3.2.6 Correlation Coefficient

Table 4.9
SPSS Application Viewer Output 26 Correlation Coefficient

Correlations				
		Temporary Differences	Fixed Differences	Profit Growth
Temporary Differences	Pearson Correlation	1	.105	.131
	Sig. (2-tailed)		.467	.363
	N	50	50	50
Fixed Differences	Pearson Correlation	.105	1	.140
	Sig. (2-tailed)	.467		.332
	N	50	50	50
Profit Growth	Pearson Correlation	.131	.140	1
	Sig. (2-tailed)	.363	.332	
	N	50	50	50

Based on table 4.9, the results of the correlation coefficient displayed in the SPSS 26 application are Temporary Difference (X1) 0.1 and Permanent Difference (X2) 0.105 and include a low relationship between Temporary Differences and Permanent Differences with Profit Growth.

3.3 Hypothesis Testing

3.3.1 Hypothesis Testing (T Test)

Table 4.10
Hypothesis Testing Results (T Test)

Coefficients[a]					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Say.

1	(Constant)	17.013	1.682		10.114	.000
	Temporary Differences	.063	.077	.118	.818	.417
	Fixed Differences	.083	.094	.128	.886	.380
a. Dependent Variable: Profit Growth						

In hypothesis testing for the regression model, it is determined by the formula Df = n-k where n = number of samples while k = number of independent and dependent variables. So df = 50-3 = 47, the t table (0.05:47) is 1,669, the calculated t value is obtained from SPSS processing. Based on table 4.11 above, the following conclusions are obtained:

a. Temporary Difference Variables

The results of testing the Temporary Difference variable are significant at 0.417 > 0.05. calculated t value

amounting to 0.818< 1.669. if it is significant 0.05 and if t < from t table then H0 is accepted and Ha is rejected. The conclusion is that Temporary Differences do not have a significant effect on Profit Growth.

b.Permanent Difference Variables

The results of testing the Permanent Difference variable were significant at 0.380> 0.05, the t value was 0.886 < 1.669. if it is significant 0.05 and if t count is < from t table then HO is accepted and Ha is rejected. Conclusion Permanent Differences do not have a significant effect on Profit Growth.

3.3.2 Simultaneous Test (F Test)

Table 4.11
Simultaneous Test (F Test)

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Say.
1	Regression	4.297	2	2.149	.812	.450[b]
	Residual	124.328	47	2.645		
	Total	128.626	49			
a. Dependent Variable: Earnings Growth						
b. Predictors: (Constant), Fixed Difference, Temporary Difference						

Based on table 4.11, it can be seen that the calculated F value is 0.812. Meanwhile, the f table value is known at df1 (number of independent variables) = 2 and df2 (n-k-1) with the explanation that n= number of respondents, k = number of independent variables or 50-2-1= 47, then the f table is 812. Results Research shows that the f count < f table is 0.812 < 3.09, so H0 is accepted and Ha is rejected. The conclusion obtained is that temporary differences and permanent differences do not have a significant effect together on profit growth.

3.3.3 Multiple Determination Coefficient Test Results (R^2)

Table 4.12
SPSS 26 Application viewer output Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.086[a]	.007	-.025	787057400.03807
a. Predictors: (Constant), Fixed Difference, Temporary Difference				
b. Dependent Variable: Profit Growth				

Based on table 4.12, it shows that in this study the R square was 0.007. Or the coefficient of determination (KD) which shows how good the regression model formed by the interaction of Temporary Influence and Permanent Influence variables is on Profit Growth. The KD value obtained is 0.007 or 1%, this means that the influence of Temporary Differences and Permanent Differences on Profit Growth in food and beverage companies listed on the Indonesian Stock Exchange is low, which can be interpreted as having no effect.

3.4 Discussion

3.4.1 The Effect of Temporary Differences on Profit Growth

The test results for the Temporary Difference variable determined the calculated t value of 0.818 and a significant 0.417. So, it can be calculated that the calculated t value < t table (0.818 < 1.669) and is significant 0.417 > 0.05. So, it can be concluded that temporary differences have no effect on profit growth. This is in line with Noviyanti (2015), Sukandar (2015) and Herawati (2017) who state that temporary differences do not have a significant effect on profit growth.

3.4.2 The Effect of Permanent Differences on Profit Growth

The test results for the Permanent Difference variable found a calculated t value of 0.886 and a significant 0.380. So, it can be calculated that the calculated t value < t table (0.886 < 0.926) and the significance is 0.380 < 0.05. So, it can be concluded that permanent differences have no effect on profit growth. This is in line with research conducted by Fadillah (2013), Oktafioni (2014), Ethika (2014) and Subandar (2018) which states that permanent differences do not have a significant effect on profit growth.

3.4.3 The Effect of Temporary Differences and Permanent Differences on Profit Growth

The results of simultaneous testing for the temporary difference and permanent difference variables found a calculated f value of 0.812 and a significant 0.450. So, it can be calculated that the calculated f value < f table (0.812 < 0.450) and is significant 0.450 > 0.05. So, it can be concluded that temporary differences and permanent differences do not simultaneously influence profit growth. This is in line with Putri (2017) who states that permanent differences and temporary differences have no effect on profit growth.

4. CONCLUSION

This research aims to determine the effect of temporary differences and permanent differences on profit growth. The data relating to this research was obtained from secondary data from financial reports of food and beverage companies published by the Indonesian Stock Exchange and internet access via www.idx.co.id until this research was 13 companies for 5 years, namely 2019-2023, so there are 50 data.

The results of this research show the results of simultaneous testing for the variable temporary differences and permanent differences in finding a calculated f value of 0.812 and a significant 0.450. So, it can be calculated that the calculated f value < f table (0.812 < 0.450) and is significant 0.450 > 0.05. So, it can be concluded that temporary differences and permanent differences do not simultaneously influence profit growth.

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