TAX PLANNING, DEFERRED TAX EXPENSE, AND LIQUIDITY ON EARNINGS MANAGEMENT WITH *FIRM SIZE* AS VARIABEL CONTROL

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Abstract: companies have the ability to manipulate taxes and defer the tax burden to create high liquidity, which can be used as a tool in earnings management. However, in companies of larger size, transparency in financial reporting and better oversight systems can discourage earnings management practices. This study aims to evaluate the impact of these three factors on the practice of earnings management, with the size of the company as a control variable. This research is descriptive research with quantitative approach. The Data used is secondary data in the form of financial statements from 44 food & beverage companies listed on the IDX during the 2018-2021 period. The results showed that Tax planning does not affect earnings management. Deferred tax expense does not affect earnings management. Liquidity affects earnings management. Tax planning with the size of the company as a control variable does not affect earnings management. Deferred tax expense with the size of the company as a control variable affects earnings management. Liquidity with the size of the company as a control variable affects earnings management. Tax Planning, deferred tax costs, and liquidity with the size of the company as a control variable affect earnings management.

Keywords: Tax Planning, Deferred Tax Expense, Liquidity, Earnings management, Firm Size.

1. Introduction

Ministry of Finance issued regulation of the Minister of Finance No. 44 / PMK.03/2020 on tax incentives for taxpayers affected by the Corona Virus pandemic on April 27, 2020. PMK 44/2020 revokes the regulation of the Minister of Finance of the Republic of Indonesia number 23/PMK.03/2020 which was promulgated 37 days earlier. One of the most fundamental differences between the two is that PMK 23/2020 only provides tax incentives for the industrial sector, where no one type of service business sector is given incentives except for repairs and installation (Kementrian Keuangan RepublikIndonesia, 2020). Tax regulations that burden the business world can have an impact on the number of companies unable to obtain maximum profit and the consequences will reduce state revenue from the tax sector. Pajak dapat mempengaruhi *capital budgeting* melalui *tax effect* dalam penentuan aliran kas, selain itu pajak juga merupakan salah satu faktor utama dalam perencanaan sistem kompensasi manajemen (Trijovianto and Puspita, 2020). This situation requires a company to continuously improve its performance through optimal earnings management. Earnings management is an attempt to replace, engineer and hide the numbers in a financial statement and play with the accounting methods and procedures used by the company. On the management side, it wants to maximize the profit reported to shareholders for good financial performance, but internal parties also want to reduce the taxable profit reported so that taxes paid shrink. Untuk mengatasi permasalahan tersebut, perusahaan harus mampu mengambil kebijakan yang relevan salah satunya dengan melakukan *tax planning* yang baik (Januri, 2020).

Tax Planning is one of the ways that can be used by taxpayers in conducting business or income tax management, but it should be noted that *the tax planning* in question is *tax planning* without violating the Constitution or applicable tax laws (Halim, 2014). *Tax planning* is part of tax management. The tax borne by the company is one of the costs that can reduce the company's profit, because the greater the tax borne, the smaller the profit obtained by the company (Kurnia, 2020). From this phenomenon, the management tries to minimize corporate taxes with various *tax planning strategies*. Hasil penelitian dari Maitri and Meiden (2022) menjelaskan bahwa *tax planning* yang dapat menurunkan atau menaikan laba perusahaan akan berdampak positif pada manajemen laba.

Another issue that deserves attention for companies regarding the deferred tax burden. The deferred tax burden arises because of the income tax recovered in future periods as a result of temporary differences that may be deducted from the remaining compensable losses. Deferred tax recognition has the effect of reducing net profit or loss as a result of the possibility of deferred tax expense recognition. The difference between commercial profit and fiscal profit can inform about the discretion of Management in the accrual process. The difference between commercial profit and fiscal profit is called fiscal correction in the form of positive fiscal correction and negative fiscal correction. The temporary difference in commercial profit and fiscal profit creates a deferred tax burden. Penelitian yang dilakukan oleh Prihatiningsih (2018) menyebutkan bahwa beban pajak tangguhan tidak memiliki pengaruh yang signifikan terhadap manajemen laba perusahaan. Hasil ini juga diperkuat oleh penelitian dari Trijovianto and Puspita (2020) yang menjelaskan bahwa beban pajak tangguhan tidak memberikan pengaruh terhadap manajemen laba di perusahaan perdagangan, jasa dan investasi. Hasil penelitian yang berbeda dari Pullah et al., (2021) in his research states that deferred tax expenses have a significant effect on earnings management.

Earnings management carried out by a company can also be seen from the Liquidity Factor. Liquidity shows the company's ability to pay financial obligations to pay short-term financial obligations on time. The liquidity of the company is an important factor that must be considered before taking the decision to determine the *return* amount of stock return to be paid (Septiana, 2019). Liquidity measured by *the current ratio* can be obtained by dividing short-term liabilities by current assets. Nilai *current ratio* yang tinggi akan menunjukkan kemampuan perusahaan melunasi kewajiban jangka pendek dengan menggunakan aset lancarnya, sehingga semakin tinggi nilai *current ratio* akan menurunkan manajemen laba (Santi and Sari, 2019).

One of the sub-sectors of the consumer goods industry sector studied in this study is *the Food and Beverage company* because it is one of the biggest supporters of Indonesia's financial development. Nevertheless, it cannot be said that this subsector is free from negative variables that affect the financial development of the state. One of them is that people's purchasing power is reduced due to the impact of the widespread spread of Covid-19 which occurred in June 2019 – December 2021, *the Food and Beverage sub-sector* decreased to 2.03% in 2021 unlike 2019 which had a percentage figure. 7.4% in the same period. The data on the growth *of the food industry & Baverage* as follows :

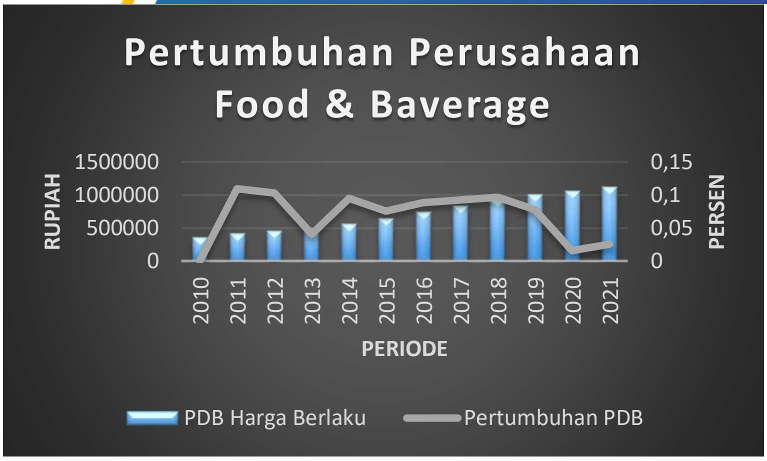

Figure 1. Growth *Of Food & Baverage Sub-Sector* 2010-2021
Source: Data Books, 2022

The figure tersebutshows that in 2018 to 2021 *food and beverage companies* continued to decline where the most decline occurred in 2020, where in that year there was a covid pandemic that made the economy slow down. The existence of the pandemic will certainly make existing companies experience an economic slowdown and experience a decrease in income. The economic slowdown and also the decline in sales will make the company carry out earnings management practices so that the company will still be able to survive during the pandemic. Earnings management practices carried out by the company can be carried out using various factors where one of the factors that can be used by the company is to carry *out tax planning*, deferred tax burden and liquidity, this can reduce the company's fiscal burden so that the profits obtained by the company will be optimal and the company can survive and rise after the covid 19 pandemic. This research was conducted in the data range from 2018 to 2021 it is intended that in 2018 to 2021 in the previous graph, the movement *of food and beverage companies can be seen* decreasing, so it can be indicated *that food and beverage companies* have been managing profits since 2018.

2. Literature Review

Tax Planning

Tax planning is the process of organizing the tax affairs of individual taxpayers and businesses in such a way as to take advantage of various possible strategies within the framework of tax regulations. According to Setyawan and Harnovinsah (2014). tax planning is the initial step in tax management, during which tax regulations are collected and studied with the aim of selecting tax-saving measures. According to Septiawan et al., (2021) Tax planning is the initial step in tax management. During this stage, tax regulations are collected and studied in order to select the type of tax-saving actions to be taken. In general, the emphasis of tax planning is to minimize tax liabilities. According to Pohan (2013) Tax planning is the process of organizing the affairs of individual taxpayers and businesses in such a way as to take advantage of various possible strategies within the framework of tax regulations (loopholes), so that the company can pay the minimum amount of tax. Based on the various theoretical studies mentioned above, it can be concluded that tax planning is an effort and activity undertaken by taxpayers to manage and organize tax payments in such a way as to minimize them, by analyzing various possible strategies while staying within the bounds of the law and regulations.

Deferred Tax Expense

Based on PSAK No. 46, it states that tax expense is the aggregate total of current tax and deferred tax calculated in the accounting profit and loss for the current period, which is recognized as an expense or income (Fitria, 2017). Current tax is the total income tax payable on taxable income for the current fiscal year, while deferred tax is the total income tax payable that is recognized for future periods due to temporary differences between accounting income and fiscal income according to tax regulations (Sulistyorini et al., 2018). Deferred tax essentially represents the impact of income tax (PPh) in the future arising from temporary differences between accounting income and fiscal income for taxation purposes, as well as carryforwardable fiscal losses in the future (tax loss carryforward) that need to be presented in the financial statements for a specific period. The impact of future income tax needs to be recognized, calculated, presented, and disclosed in the financial statements, including both the financial position statement and the comprehensive income statement (Hidayat, 2021). According to Suandy (2016) pengertian beban pajak tangguhan adalah “Beban yang timbul akibat perbedaan temporer antara laba akuntansi (laba dalam laporan keuangan untuk pihak eksternal) dengan laba fiskal (laba yang digunakan sebagai dasar perhitungan pajak)”. Berdasarkan beberapa pengertian beban pajak tangguhan di atas, maka beban pajak tangguhan adalah beban yang timbul akibat perbedaan temporer antara laba akuntansi dengan laba fiskal di mana pendapatan menurut akuntansi komersial lebih besar dari pada akuntansi fiskal dan pengeluaran menurut akuntansi komersial lebih kecil daripada akuntansi fiskal.

Liquidity

A good company has a sufficient level of liquidity to run its company. Companies that do not have likuiditas enough liquidity to cover overdue debts can disrupt good relations with shareholders. This means that in the end the company will get a crisis of confidence from various parties who have helped the smooth running of the company. According to Kasmir, (2016), the definition of liquidity is: “liquidity is a ratio that measures the company's ability to meet its obligations that are due, both obligations to outside the company and within the company”. According to Harahap (2018), the definition of liquidity is: “liquidity is an indicator of a company's ability to settle its short-term obligations”. According to Fahmi (2015) the definition of liquidity is: “a ratio that measures the ability to resolve short-term debt of the company by looking at the company's current assets to its current debt”. Based on the above understanding, the researchers concluded that the liquidity ratio is how the companyenuhi kewajiban fulfills its short-term obligations. Liquidity is not only concerned with the overall, financial state of the enterprise, but also with regard to its ability to convert certain current assets into cash. This ratio is important because failure to pay obligations can lead to bankruptcy of the company.

Earnings management

Earnings management is an action taken by managers who choose accounting policies to achieve specific objectives, and the accounting policy in question is the use of accruals in preparing financial statements (Miftakhunnimah et al., 2020). Of course, every action has a cause or motivation behind it. Not exempt from earnings management, according to Septiawan et al., (2021) there are several motivations that underlie profit manipulation actions, namely: 1) Bonus Plans; 2) Long-Term Debt Contracts; 3) Political Motivations; 4) Tax Motivations; 5) Director Turnover; 6) Initial Public Offerings. In conducting research to uncover the practice of earnings management, there are several proxies used to evaluate earnings management. The model used by researchers as a earnings management proxy is the profit distribution approach. Profit information as part of financial statements is often the target of manipulation through opportunistic management actions to maximize their satisfaction but can be detrimental to shareholders or investors. Opportunistic actions are carried out by choosing certain accounting policies, so that the company's profit can be adjusted to their liking. Management behavior to adjust profit according to their wishes is known as earnings management. According to Fahmi (2014) earnings management is an action that adjusts profit according to the wishes of certain parties, especially company management. In fact, earnings management is based on various objectives and intentions contained therein. Based on several definitions above, it can be concluded that earnings management is an action taken by managers by manipulating accounting data or information to achieve specific objectives

Firm Size

Company size (size) is a scale used to determine the magnitude of a company (Dewiningsih et al., 2021). Company size is an important factor in improving a company's financial performance (Arthawan and Wirasedana, 2018). The larger the assets a company possesses, the greater the potential for financial performance in a company's operations. Based on the definitions above, it can be concluded that firm size or company size is a measurement scale used as a benchmark for the capacity or capability of a company. Company size is also a crucial factor in economic and business analysis. It can be used to measure the scale of operations, production capacity, and financial capabilities of a company. Company size can also be used to categorize companies based on the number of employees, revenue, or assets. Firm size can influence strategies, competition, access to resources, and company performance. Therefore, company size is often considered in industry analysis and market analysis. Company size is measured using the log total asset.

3. Method

The research this research uses *explanatory* (*explanative research)* with a quantitative approach (Ansori and Iswati, 2020). Explanatory research is research that explains a relationship, difference or influence of a variable with another variable. In this study the population is a company engaged *Fin food & beverage*lisiting*lisiting* on the IDX as many as 49 companies. The use *of purposive random sampling method* is done so that the sample meets the criteria to be tested so that the analysis results can be used to answer the problem (Sugiyono, 2018). Based on the criteria that have been prepared, 11 *Food & Baverage companies listed* on the IDX in 2018 to 2022 that meet the criteria are determined. The number of observations of the data sample is 44 observations for each company with a data retrieval period of 4 periods. Data analysis techniques used are inferential statistics using classical assumption test, multiple linear regression test, determinant coefficient test and research hypothesis test..

4. Result and Discussion

Descriptive statistical analysis is a statistical technique used to describe and summarize data in numerical or graphical form. The main purpose of descriptive statistical analysis is to provide an overview of the data, such as the size of the center, the distribution of the data, The Shape of the distribution, and the relationships between the variables. The descriptive statistical analysis in this study is in the table 1.

Based on the table 1 shows the results of descriptive statistical analysis for the five variables measured in a study. The first variable is “Tax Planning”, which has a minimum value of 0.0320 and a maximum value of 0.6728. The average value is 0.254768 with a standard deviation of 0.0970108. The second variable is “tax burden T”, with a minimum value of -0.0150 and a maximum value of 0.2180. The average of this variable is 0.011523 with a standard deviation of 0.0368173. The third variable is “liquidity”, with a minimum value of 0.7319 and a maximum value of 5.1130. The average value is 2.046430 with a standard deviation of 1.2575501. The fourth variable is “earning management”, with a minimum value of 27.3397 and a maximum value of 32.8204. The average value is 29.331123 with a standard deviation of 1.6115989. The fifth variable is “Firm size”, with a minimum value of -0.1129 and a maximum value of 0.1391. The average value is 0.011055 with a standard deviation of 0.0352043.

Table 1. Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Tax Planning	44	.0320	.6728	.254768	.0970108
Deffered T.E	44	-.0150	.2180	.011523	.0368173
Liquidity	44	.7319	5.1130	2.046430	1.2575501
Earning Management	44	-.1129	.1391	.011055	.0352043
Firmsize	44	27.3397	32.8204	29.331123	1.6115989

Source : Processed Data, 2023.

The result of classical assumption test shown by data normality test is Kolmogorov-Smirnov Z value of 0.986 with asymmp. sig. (2-tailed) amounted to 0.286. The results showed that the value of asymmp. sig. 0.286 is greater than the significance level of 0.05, so the hypothesis that the data is normally distributed cannot be rejected. Therefore, we can conclude that the tested data are normally distributed. Tolerance values for all independent variables tested were above 0.1, and VIF values were below 10. Therefore, it can be concluded that there is no indication of multicollinearity in the regression model used. Thus, the results of regression analysis can be interpreted more reliably and can be used to make predictions or further analysis. Autocorrelation test obtained by the test Run test above, obtained a Z value of -1.373 with the value of asymmp. sig. (2-tailed) amounted to 0.170. Because of the value of asymmp. sig. (2-tailed) is greater than 0.05, it can be concluded that there is insufficient evidence to reject the null hypothesis, that is, the data do not have autocorrelation. The results can be concluded that the data tested did not show any significant autocorrelation patterns at 95% confidence level, so that further analysis can be done.

Multiple linear regression testing is a statistical technique used to analyze the relationship between two or more independent variables to the dependent variable. The purpose of multiple linear regression testing is to identify and measure how much influence the independent variable has on the dependent variable. The results of multiple linear regression testing in the study found the following results:

Table 2. Multiple Linear Regression Test Results

Variable		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	**(Constant)**	.001	.016		-.079	.937
	Tax Planning	.019	.046	.063	.419	.677
	Deffered T.E	.160	.124	.195	1.296	.202
	Liquidity	.008	.004	.331	2.184	.035

Source : Data Process, 2023

Multiple linear regression equation is earnings management = 0.001 + 0.019 (*tax planning)* + 0.160 (deferred tax expense) + 0.008 (liquidity) +e. Based on these equations, it can be concluded as follows :

1. The value of the constant (bias) is 0.001, meaning that if all independent variables in the model are zero, then the predicted value for the dependent variable (earnings management) is 0.001.
2. The value of regression coefficient for *tax planning variable* is 0.019. That is, if *tax planning* increases by one unit, then earnings management will increase by 0.019.
3. The value of regression coefficient for deferred tax expense variable is 0.16. That is, if the deferred tax burden increases by one unit, then earnings management will increase by 0.16.
4. The value of regression coefficient for liquidity variable is 0.008. That is, if liquidity increases by one unit, then earnings management will increase by 0.008.

Table 3. Multiple Linear Regression Test Results With Variable Control

	Variable	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	**(Constant)**	.177	.085		2.087	.043
	Tax Planning	.027	.044	.088	.610	.546
	Deferred T.E	.286	.132	.348	2.163	.037
	Liquidity	.008	.003	.353	2.424	.020
	Firmsize	-.006	.003	-.339	-2.134	.039

Source : Data Process, 2023.

Based on these results, it is known that the multiple linear regression equation is earnings management = 0.117 + 0.027 (*tax planning)* + 0.286 (deferred tax expense) + 0.008 (liquidity) + -0.006 (Frimsize) + e. Based on these equations, it can be concluded as follows:

1. The value of the constant (bias) is 0.177, meaning that if all independent variables in the model are zero, then the predicted value for the dependent variable (earnings management) is 0.177.
2. The value of the regression coefficient for *tax planning variable* 0.027 indicates that each increase of one unit in *tax planning* will increase earnings management by 0.027.
3. The value of the regression coefficient for the deferred tax expense variable of 0.286 indicates that each increase of one unit in the deferred tax expense will increase earnings management by 0.286.
4. The value of the regression coefficient for the liquidity variable 0.008 indicates that every one unit increase in liquidity will increase earnings management by 0.008.
5. The value of the regression coefficient for the variable *firmsize* -0.006 indicates that each increase of one unit in *firmsize* will decrease earnings management by 0.006.

The results of the F test show that the overall regression model can explain the variation of the dependent variable with significance (Sig.) amounted to 0.046, which means that the model can be accepted with a degree of confidence 95.4% (1-0.046 = 0.954). In this case, f_{count} (2.672) is greater than F_{table} (2.51) with degrees of freedom (df) 4 and 39, so it can be concluded that the regression model as a whole is significant. The results, it can be concluded that the independent variables together have a significant influence on the dependent variable of earnings management.

The statistical t-test basically shows how far the influence of one explanatory or independent variable individually affects thevariation of the dependent variable.

a. The result$_{of\ T}$ *tax planning* sebesar 0calculation is 0.419 with a significance value of 0.677677, meaning > 0.05. Based on these results, H0 is accepted and H1 is rejected. means *tax planning* has no effect on earnings management.
b. Result $t_{calculate}$ deferred tax expense of 1.296 with a significance value of 0.202202, meaning > 0.05. Based on these results, H0 is accepted and H2 is rejected. means deferred tax expense has no effect on earnings management.

c. Result $t_{calculate}$ liquidity of 2.184 with significance value of 0.035035, meaning < 0.05. Based on these results, H0 is rejected and H3 is3 accepted. means liquidity has no effect on earnings management.
d. Result $t_{calculate}$ *tax planning* with *firmsize* as a control variable of 0.610with a significance value of 0.546546, meaning > 0.05. Based on these results, H0 is accepted and H4 is4 rejected. means *tax planning* with *firmsize* as a control variable has no effect on earnings management.
e. Result $t_{calculate}$ deferred tax expense with *firmsize* as a control variable of 2.163 with a significance value of 0.037037, meaning < 0.05. Based on these results, H0 is rejected andH5 is accepted. means deferred tax expense with *firmsize* as a control variable effect on earnings management.
f. Result $t_{calculate}$ liquidity with *firmsize* as a control variable of 2.424 with a significance value of 0.020020, meaning < 0.05. Based on these results, H0 is rejected and H6 is accepted. Means liquidity with *firmsize* as a control variable effect on earnings management.

That the regression model that uses tax Planning variables, deferred tax expense, liquidity, and Firmsize as a control variable as a predictor has an R Square value of 0.215, which means the independent variable can explain 21.5% of the variation of the dependent variable (earnings management). While the remaining 78.5% are influenced by other variables.

Discussion

The Influence of Tax Planning on Earnings Management of Companies in the Food & Beverage Sub-Sector Listed on the Indonesia Stock Exchange (BEI) from 2018 to 2021

Based on the results of the above research, it can be concluded that there is no significant effect between *tax planning* and profit management on *food & beverage sub-sector companies listed* on the IDX. This can be seen from the value of t_{count} for *tax planning variable* which is 0.419 with a significance value of 0.677 which is greater than the significance level of 0.05. It can be explained that *tax planning* does not affect the company's profit management, it can be explained from the data that researchers collect from a sample of companies where in 2018 when the income tax rate was 25%. There are 10 data on the company's financial statements that have an *effective Tax Rate* of greater than 25%, this is an indication that the company did not carry *out tax planning* in 2018 to 2019. In 2020 and 2021, there was a decrease in the income tax rate to 22% and from this rate it is known that *the effective Tax Rate limit* pada for that year is 22%, if the company in 2020 and 2021 has *an effective Tax Rate value* smaller than 22%, then the company does *tax planning* and vice versa. In the financial report data for 2020 and 2021, it is known that companies *that have an effective Tax Rate value* above 22% have 9 companies. Based on the observation data, it is known that 43% of the sample data of companies do not do tax planning, so that the results obtained that *tax planning* does not affect the company's profit management. This statement is in line with research conducted by Trijovianto (2020) that *tax planning* has no effect on company profit management.

The Influence of Deferred Tax Expense on Earnings Management of Food & Beverage Sub-sector Companies Listed on the IDX

Based on the research results above, it can be concluded that there is no significant influence of deferred tax expenses on earnings management in food & beverage sub-sector companies listed on the IDX. This can be seen from the t-value of deferred tax expenses, which is 1.296, with a significance value of 0.202, meaning > 0.05. Based on these results, H0 is accepted, and H2 is rejected, meaning that deferred tax expenses do not affect earnings management. Deferred tax expenses are obtained from the difference between commercial income and fiscal income, where commercial income is greater, resulting in a difference between the taxes paid by the company commercially and fiscally. This difference becomes a deferred tax liability that will be offset against deferred tax assets and accumulated as deferred tax expenses. Deferred tax expenses do not affect earnings management because in the year under observation in this study, the deferred tax expenses used as a sample are very small, with an average of 0.45%. The very small value of deferred tax expenses does not result in significant changes in earnings, so the level of earnings management that occurs is not significant. This statement contradicts the research conducted by Prihatiningsih (2021) which states that deferred tax expenses do not affect earnings management.

The Influence of Liquidity on Earnings Management of Food & Beverage Sub-sector Companies Listed on the IDX

Based on the research results above, it can be concluded that there is a significant influence of liquidity on earnings management in food & beverage sub-sector companies listed on the IDX. This can be seen from the t-value of liquidity, which is 2.184, with a significance value of 0.035, meaning < 0.05. Based on these results, H0 is rejected, and H3 is accepted. This means that liquidity affects earnings management. Liquidity ratio is a measure of a company's ability to meet its financial obligations with its current assets. However, an excessively high liquidity ratio can indicate that a company is not efficiently and effectively managing its current assets, thereby reducing its financial performance. Having too many idle current assets can lead to unnecessary costs and reduced company profits. Companies with excessively high liquidity ratios encourage company managers to engage in earnings management practices by manipulating financial statements to make them look better and enhance the company's financial information. The research findings are consistent with the study conducted by Ani (2022) which states that liquidity variables affect earnings management.

Influence of Tax Planning on Earnings Management with Firm Size as a Control Variable in Food & Beverage Sub-sector Companies Listed on the IDX

Based on the research results above, it can be concluded that there is no significant influence between tax planning and the control variable firm size on earnings management in food & beverage sub-sector companies listed on the IDX. This can be seen from the t-value of tax planning with firm size as a control variable, which is 0.610, with a significance value of 0.546, meaning > 0.05. Based on these results, H0 is accepted, and H4 is rejected, meaning that tax planning with firm size as a control variable does not affect earnings management. This has been explained in the previous hypothesis that tax planning does not influence earnings management because the data collected by the researcher from the sample companies in the year 2018, when the income tax rate was 25%. There were 10 financial reports from companies with Effective Tax Rates greater than 25%, indicating that these companies did not engage in tax planning in 2018 through 2019. In 2020 and 2021, there was a reduction in the income tax rate to 22%, and it was known that the Effective Tax Rate threshold for those years was 22%. If companies in 2020 and 2021 had Effective Tax Rates lower than 22%, it indicated that they engaged in tax planning, and vice versa. In the financial reports for 2020 and 2021, it was found that there were 9 companies with Effective Tax Rates above 22%. Based on this observation data, it was determined that 43% of the sample companies did not engage in tax planning, thus concluding that tax planning does not affect earnings management. The addition of a control variable like firm size or company size will certainly have a greater impact on tax planning's influence on earnings management. The presence of firm size will limit companies in engaging in tax planning practices because larger companies will strive to maintain their reputation in the eyes of investors to prevent stock price declines. This is because tax planning in companies aims to manipulate fiscal earnings, which would impact the transparency of the company's financial statements but not directly affect commercial financial statements. Additionally, the reduction in the income tax rate during the observation years means that companies did not engage in tax-saving practices. With the decrease in the income tax rate, the amount of cash that companies were supposed to pay to the government decreased, making tax planning not influence earnings management. The research results are in line with a study conducted by Ammy (2022) where the presence of firm size did not strengthen the influence of tax planning on earnings management.

Influence of Deferred Tax Expense on Earnings Management with Firm Size as a Control Variable in Food & Beverage Subsector Companies Listed on the Indonesian Stock Exchange (BEI)

Based on the research results above, it can be concluded that there is a significant influence between deferred tax expenses and the control variable firm size on earnings management in the food & beverage subsector companies listed on the Indonesian Stock Exchange (BEI). This can be seen from the calculated t-value of deferred tax expenses with firm size as a control variable, which is 2.163 with a significance value of 0.037, meaning it is < 0.05. Based on these results, H0 is rejected, and H5 is accepted, meaning that deferred tax expenses with firm size as a control variable have an influence on earnings management. This is contrary to the previous hypothesis, where deferred tax expenses were assumed to have an influence on earnings management by companies with firm size in the model. Deferred tax expenses have an impact on earnings management with firm size as a control variable. Deferred tax expenses affect earnings management because the control variable, firm size, is included in the model. Larger companies are expected to have substantial resources, which are used to manage or fund the company's operational expenses. Operational expenses in large companies undoubtedly require significant funding, and one way to secure such funding is through deferred tax expenses. Deferred tax expenses are used to manage earnings so that the company can generate larger profits, ensuring that the company has sufficient funds for future operations. Based on this statement, it can be stated that the presence of firm size can influence the concept of deferred tax expenses on earnings management by the company. This research is in line with the study conducted by Yunia (2018), stating that deferred tax burden and company size affect profit management

Influence of Liquidity on Earnings Management with Firm Size as a Control Variable in Food & Beverage Subsector Companies Listed on the Indonesian Stock Exchange (BEI)

Based on the research results above, it can be concluded that there is a significant influence between liquidity and the control variable firm size on earnings management in the food & beverage subsector companies listed on the Indonesian Stock Exchange (BEI). This can be seen from the calculated t-value of liquidity with firm size as a control variable, which is 2.424 with a significance value of 0.020, meaning it is < 0.05. Based on these results, H0 is rejected, and H6 is accepted. This means that liquidity with firm size as a control variable has an influence on earnings management. Liquidity ratio measures a company's ability to meet its financial obligations using its current assets. An excessively high liquidity ratio may indicate that the company has too many current assets that are not being used effectively and efficiently, thus reducing the company's financial performance. The presence of firm size as a control variable makes managers keen on maintaining the company's reputation. Liquidity in the research sample, with an average liquidity ratio showing a level twice that of current liabilities, indicates that the company is less efficient in managing its current assets. This situation could negatively impact investors' perception and encourage managers to improve or manipulate the company's earnings or present financial information reports according to the company's desires to avoid a negative image in the eyes of investors. This, in turn, prevents a drop in the company's stock, leading to the conclusion that liquidity, with the control variable of firm size, significantly affects earnings management. The research findings align with a study conducted by Azizah

(2022) which also found that company size and liquidity have an impact on earnings management.

Influence of Tax Planning, Deferred Tax Expense, Liquidity on Earnings Management with Firm Size as a Control Variable in Food & Beverage Subsector Companies Listed on the Indonesian Stock Exchange (BEI)

Based on the research results above, it can be concluded that there is a significant influence between tax planning, deferred tax expense, liquidity, and the control variable firm size on earnings management in the food & beverage subsector companies listed on the Indonesian Stock Exchange (BEI). This can be observed from the F-test results, which indicate that the regression model as a whole is significant with a confidence level of 95.4%. The independent variables used in the model, namely Tax Planning, Deferred Tax Expense, Liquidity, and Firm Size, can explain 21.5% of the variation in the dependent variable Earnings Management, while 78.5% is influenced by other variables. In this case, the calculated F-value is greater than the critical F-value, so it can be concluded that the independent variables collectively have a significant influence on the dependent variable. Based on the research results, it is known that all independent variables have a simultaneous effect on the dependent variable, which is earnings management. This can be explained by the fact that companies with larger capitalization (firm size) tend to have a good reputation and performance in managing their operations. These companies are driven toward continued improvement, where they strive to increase earnings to ensure the company's sustainability. Achieving optimal earnings involves various factors, including tax planning, deferred tax expenses, and liquidity ratios, to maximize profitability. This study focuses on food and beverage companies, where these variables collectively influence earnings management by 21.5%, while 78.5% is influenced by other unexplored variables in this research.

5. Conclusions

The research results indicate that Tax Planning does not have an influence on earnings management. Deferred Tax Expense does not have an influence on earnings management. Liquidity has an influence on earnings management. Tax Planning with firm size as a control variable does not have an influence on earnings management. Deferred Tax Expense with firm size as a control variable has an influence on earnings management. Liquidity with firm size as a control variable has an influence on earnings management. Tax Planning, Deferred Tax Expense, and Liquidity with the control variable firm size collectively have an influence on earnings management. Companies should exercise caution when engaging in earnings management and tax planning because it is believed that these practices can make a company's financial reports less transparent and reduce the company's value in the eyes of investors.

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