

ABSTRACT

This study aims to empirically examine the effect of Profitability, Deferred Tax Expenses on Profit Management in Automotive Sub Sector Manufacturing companies listed on the Indonesia Stock Exchange in 2012-2016.

The sampling technique used in this study is non probability sampling using a purposive sampling approach to determine the effect of profitability, deferred tax expense on profit management. The study was conducted with quantitative and descriptive methods, using a sample of 7 manufacturing companies in the automotive sub-sector listed on the Indonesia Stock Exchange in the 2012-2016 period. The data analysis technique used in this study is hypothesis testing (t test), multiple linear test, correlation coefficient test, simultaneous test (f test) and coefficient of determination.

The results of this study to determine the effect of profitability and deferred tax burden on earnings management. In this study data was obtained from 7 Automotive companies in Indonesia that were listed on the IDX. This study uses multiple linear analysis with IBM SPSS Statistcs Version 25. The results of this study indicate that the variable profitability (0.955) and deferred tax expense (0.659), have a positive effect on earnings management conducted by the company.

Keywords: *Profitability, deferred tax expense, and earnings management*