SUMMARY

CAHYO DWI SULISTIYO. Effect Analysis of Financial Ratios and Dividend Tax toward Company Dividend Payout Ratio (Case of LQ 45 Index). Supervised by SRI HARTOYO and TB NUR AHMAD MAULANA.

The primary goal of investors in investing their money is obtaining the best return. In this term, investments can be made as a real investment and financial investments as well, such as securities ownerships which are generally in the form of equity shares as the part of companies’ equity participation. A public company, whose shares are owned by the investors or shareholders, is formed with the goal of maximizing shareholder wealth by giving mandate to the directors as head of the company's operations in running a business for profit. The company's profits may be distributed to shareholders as a return of their investment in the form of dividend.

Dividend payout policy is important decision in a company, especially in the public company. Investors have expectations that their investments will yield as much as possible returns. Otherwise, the companies have intention that they have good earnings prospects or good performance so that they could get more funds from the investors. The company good performance signals that the company ability to provide optimal investment return for the investors could be seen through the information supplied by company's financial statement which is containing information about the financial position, financial performance and cash flows of the entity as consideration of economic decision-making. Financial information may includes financial ratio that describes the financial performance include aspects of liquidity, profitability, solvency and activity use of company resources. Likewise the change on dividend income-tax-rate could led to the decision making process related to dividend payout policy becomes more complex because there are many factors and theories that underlie the decision.

To understand the financial information underlying the decision of how much dividends will be distributed as well as the effect of dividend income tax policy change, research on the financial ratios and the effect of tax changes on the dividend payout ratio is needed. This research aims to analyze the influence of company performance ratio and changes in dividend tax rates to Dividend Payout Ratio. Factors that are discussed in this study is the ratio of companies financial performance include the Debt Equity Ratio (DER), Return on Assets (ROA), firm size (Size), Current Ratio (CR), sales growth (Growth of Sales), Earning per Share (EPS) and dividend tax rates change. The analysis in this research is using quantitative and qualitative methods in form of case studies. Qualitative methods are used to explain the development of the variables included in the model analysis. Quantitative method is performed by regression analysis. The variables tested using panel regression analysis. Data used in this research is secondary data that are obtained from the financial statements of 40 going public companies listed in the LQ 45 index of Indonesia Stock Exchange (IDX) with years of research covering 2006 to 2012.
The regression results showed that the coefficient of determination ($R^2$) level is 0.75 or 75%, which means that the variation of Dividend Payout Ratio (DPR) can be explained by the variation of the variables included in this study was 75%. The probability value (F-stat) has a value of 0.0000, significant at the 1% level, which means that the independent variables all together significantly influence the dividend payout ratio variable at level of $\alpha = 1\%$. The Durbin-Watson value in this study that is 1.794 concludes that there is no autocorrelation between observations.

The panel regression results show that the variables ROA, CR, Size, EPS and Growth showed a significant effect on dividend payout ratio, while the variable Tax and DER have no significant effect on the dividend payout ratio but all the variables simultaneously influential to the dividend payout ratio.

Keywords: Dividend payout ratio, dividend tax, financial ratio, regression analysis.