

SUMMARY

Vera Mita Nia. Does tax amnesty increase bank's return?
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Indonesian government held a tax amnesty policy to increase state revenue and attract taxpayer's funds overseas (repatriation). Perception banks are appointed by the government to accommodate and manage the repatriation funds. Incoming repatriation funds until the end of period I are Rp. 137 trillion. Its funds can be considered as capital by the bank, which can increase bank's return and risk. The government claimed that repatriation funds had increased share's return of Indonesian stock market which is perception bank's shares included. One of the methods measure return and risk are the Three Fama-French Factor Model.

This model using size of firms and book-to-market ratio to calculate return. Size of banks calculated by its market capitalization. Small-size firms tend to surpass company's growth in the big classification. This happened because small firms produce smaller earning, so that even small improvement to the earning can improve its development. From the side of risk, small-size firms have higher risk than the big-size firms, so that it's compensated with the higher return. Fama-French used book-to-market ratio as determinant of abnormal return. Ratio book to market is gained by comparing the book value of the stock company with the stock value. Companies that in high category have higher risk but the earnings produced is higher compared to another categories. This is causing higher return level compared to another categories.

This study aims to analyze the occurrence of changes in return (abnormal return) on the events around the tax amnesty. In addition, this study also analyzed the effect of bank-size and book-to-market equity of banks in abnormal return. The samples of this research are ten banks with the highest market capitalization designated as perception bank. The observation period starts from the endorsement of the tax amnesty until period 1 of tax amnesty ended. This study was using panel data regression with pooled least square model.

The result was found, (1) Abnormal return of the perception banks' stock has occurs only in event 1 testing. But event 1 happened occurs simultaneously with profit taking action before Eid day, indicates that event 1 doesn't cause abnormal return. Other event testing never happen in abnormal return. Overall, Indonesian tax amnesty hadn't increase share prices and the perception banks return. It caused, target of repatriation wasn't achieved. Investors prefers "wait and see" acts until tax amnesty is end. But in other side, speculans used this event for short term transaction to taken benefits. (2) Banks-size have positive affect to abnormal return. This indicated repatriation funds that enter small banks are used by the investors as the basic of investment decision. The market assumes that repatriation funds would raise the capital of the small-size banks that have limited capital. (3) Book-to-market equity of banks have negative affect against the abnormal return. that market players gave higher mark to the low categorized banks, because it produces higher and more stable profit for the long term.

Keywords : bank's return, fama-french, perception banks, tax amnesty, three factors model