

SUMMARY

Ali Akil Parlindungan Siregar. Tax Amnesty and its impact on Profitability of Companies Listed at Indonesia Stock Exchange Main Board. Under Supervision of NOER AZAM ACHSANI and HENDRO SASONGKO.

An attempt to increase the tax ratio is to implement a policy on tax amnesty. Tax amnesty is meant to promote asset declaration and repatriation of assets, i.e., transfer of overseas taxpayer assets into the country. The repatriation and declaration of this asset can be a database in mining the potential tax revenues. For the primary market, issuers will gain a higher chance of obtaining low-cost funds that can be utilized for business development. As for the secondary market, Tax Amnesty will increase the capital market's liquidity as it will increase the frequency, volume, and value of trade in the stock market. The improved business development will undoubtedly have a good impact on issuers, which is marked by an improvement in issuers' financial performance indicators and therefore encourage investors to invest in capital markets. The profitability ratio is used as an indicator representing the company's financial performance. This research aims to identify issuers who joined the tax amnesty program in 2016 – 2017 and analyze the influence of tax amnesty and other factors, both internally and externally, towards profitability.

This research used a descriptive approach and data-panel regression model. This research used a descriptive approach to the performance of issuers joining the tax amnesty and hypotheses testing using data-panel regression analysis to test factors that affect profitability. Net profit margins (NPM) become variables representing the ratio of the company's profitability as dependent variables while the company's internal and external factors and tax amnesty become independent variables. As many as 267 listed issuers on Indonesia Stock Exchange's Mainboard were taken as samples, starting from prior tax amnesty program from 2015 to post-program in 2018.

The results showed that the average level of the issuers' profitability ratio following the tax amnesty declined. The operating profit margin (OPM), pretax profit margin (PPM), and NPM ratios declined dramatically in 2017. However, in 2018, their profitability ratio began to rise again. Unlike the liquidity, leverage, and efficiency of companies are precisely not affected by asset reporting. In the data panel regression test, tax amnesty (TA) variables have a significant negative impact on profitability (NPM), and several factors affect the profitability of companies other than the TA, i.e., internal and external factors. The company's internal factors that have a significant negative effect on NPM are the debt to equity ratio (DER) variables, whereas the current ratio (CR) and total assets turnover ratio (TATO) variables have a significant positive effect on NPM. External factors such as interest rates and rupiah exchange rate have a significant positive effect on NPM.

Keywords: tax amnesty, external factors, internal factor, profitability, net profit margin