ABSTRACT

This study aims to determine the relation of deferred tax assets and the performance of commercial banks. This study observed 5 banks listed in LQ45 and infobank magazines including Bank Central Asia, Bank Negara Indonesia, Bank Republik Indonesia, Bank Tabungan Negara, and Bank Mandiri during 2015-2019. This study refers to research by Gallemore (2012) for indicators of the proportion of deferred tax assets (DTA) in bank capital, which were developed by researchers with regulations for assessing bank soundness using the RGEC method (Risk profile, GCG, Earnings, and Capital), while for performance the bank refers to research conducted by Nahar (2016) with a profitability perspective (ROA, ROE) and market value (Tobin's Q).

This study includes 25 observations which are not sufficient for the minimum observation of statistical analysis. Therefore, this study uses a comparative descriptive analysis method by comparing illustrations that have been made through spss and excel software. The comparison in this study includes a comparison of the inclusion of deferred tax assets in assessing the soundness of a bank and bank performance through a cross-sectional and time series analysis approach.

The results of the study indicate that the overall assessment of the soundness of a bank can reflect the expected value of the community, especially in 2015-2017, while in 2018-2019 there was a discrepancy which peaked in 2019. Based on this, the assessment of the soundness of the bank using the RGEC method plus DTA showed a lag the value is lower than the RGEC method without DTA, but the growth lag of the RGEC method with DTA is higher than the RGEC method without DTA.

Keywords :

RGEC (Risk profile, GCG, Earning, and Capital), Deferred Tax Assets (DTA), Bank Performance.