

ABSTRACT

This study aimed to examine the effect of differences between accounting income and taxable income (Book-Tax Differences) against earnings persistence with accrual as a moderating variable component in service companies in Indonesia. Book-tax differences in the present study were divided into three groups: Large Positive Book-Tax Differences, Negative Large Book-Tax Differences and Small Book-Tax Differences which each is used as independent variables. As well as the size of the company contained in this study is used as a control variable to earnings persistence.

The population in this study is a non-financial services company listed on the Indonesia Stock Exchange (BEI) in 2012 until 2013. The sample in this study was done by purposive sampling method, where as many as 54 companies used as a sample with a predetermined criteria , The data used in this research is secondary data. Data collection techniques with technical documentation. The method used in this study using regression analysis with dummy variables.

From the results of the research that has been done, the first and second hypotheses each have significant value that is <0.05 . Neither Large Positive Book-Tax Differences and Negative Large Book-Tax Differences show that there is a significant effect on earnings of lower persistence with accrual as a moderating variable component. Small book-Tax Differences show that there is a positive effect on earnings persistence with accrual as a moderating variable component. As well as the size the companies in the study show that your company size is directly positive effect on the increase in earnings persistence.

Keywords: Book-Tax Differences, the size of the company, earnings persistence, accruals component.