

ABSTRACT

This study aims to examine the effect of group company, full ownership of group companies and deferred tax expense on the earnings management practice. This study also uses three control variables such as firmsize, leverage and profitability.

The population in this study consists of all non financial and non utility companies in Indonesian Stock Exchange in 2013 – 2015. Sampling method used is purposive sampling with specified criteria. Total sample in this study is 176 samples of companies while the analysis test used by the writer is a model of multiple regression. The result of this study shows that group company, full ownership of group companies and deferred tax expense have positive and significant effect on earnings management practice.

Keyword: earnings management, group company, full ownership of group companies, deferred tax expense