

ABSTRACT

The purpose of this research is to examine empirically the influence of book tax differences to earning quality. Book tax differences as independent variables divided to three group: Large Negative Book Tax Differences, Large Positive Book Tax Differences, and Small Book Tax Differences. This research employ the discretionary loan loss provisions and earning persistence as a proxies for earning quality.

Population in this research are banking industry in Indonesia Stock Exchange in the period of 2010-2015. The sampel are 25 companies used purposive sampling method to select the sample. Regresion multiple with program SPSS 22 are used for testing hypotheses.

The result indicted that book tax differences in banking industry have no effect to earning quality and there is no difference for earning persistensi and discretionary loan loss provision base on magnitude of book tax differences .

Keywords : Book tax differences, earning persistences, discretionary loan loss provision, earning quality, banking