ABSTRACT

This study provides value relevance analysis of deferred taxes on companies that revalued its fixed assets for the period of 2008-2015. Selection of these companies is because fixed assets revaluation is one of the components of deferred taxes. Fixed Assets Revaluation will cause deferred tax asset or liability depend on the comparison of the company recorded value and the market value. When the company recorded value is larger than the market value of assets would cause deferred tax liability, and in contrast if the company recorded value is lower than the market value of assets would cause deferred tax asset. 120 firms are the total sample of this study.

This study uses Feltham & Ohlson's price model in order to regress the value relevance of the sample. Dependent variable that used in this study is closed price per share. Independent variables that used in this study are deferred tax assets and liabilities and other components of deferred taxes (net deferred taxes, net deferred tax assets, net deferred tax liabilities, and net deferred tax based on quintile distribution).

The analysis shows that deferred tax assets and deferred tax asset on the 5th quintile have value relevance information. While, deferred tax liabilities, net deferred tax, net deferred tax assets, net deferred tax liabilities and net deferred tax from quintile first has no value relevance.

Keywords:
Deferred taxes, deferred tax asset, deferred tax liability, value relevance, fixed assets revaluation