ABSTRACT

*This study examined association between financial reporting aggressiveness with tax reporting aggressiviness. Also, this study was using contol variables consist of profitability, net loss carryforwad compensation, firm's foreign income, solvability, temporary book-tax differences, total effective tax rates, fim's size, market-to-book ratio, pre-tax cash flow from operating activities, earnings thresholds*1*, dan earnings thresholds*2*.*

There are 54 *manufactur firms listing on the Indonesia Stock Exchange* (IDX) during *period of* 2004-2008 *were used as the sample in this srudy based on purposive sampling method. Data analyzed with the classic assumption test. Measurement of discretionary permanent differences, as a proxy of tax reporting aggressiviness and performance-matched discretionary accruals, as a proxy of financial reporting aggressiviness were examined using the model of linear regression. the hypotheses were examined using the model of two-stage least square. Data screening is use, so this study model is proper enough and fulfill classical assumption, including normality test, heteroscedasity, and multicoloniearity test.*

The results of this study provides evidence that financial reporting aggressiveness is not significantly associated with tax reporting aggressiveness. In contrast, tax reporting aggressiveness is significantly associated with financial reporting aggressiveness.

Keywords: tax reporting aggressiveness, tax planning, discretionary permanent differences, financial reporting aggressiveness, earnings management, performance-matched discretionary accruals.