

ABSTRACT

This study aims to find empirical evidence the influence of book-tax differences on the earnings growth one period ahead. Earnings growth measured using the change in net profit before tax. Independent variables used in this study is temporary differences, permanent differences and total book-tax differences, while the dependent variable is earnings growth one period ahead

This study uses secondary data obtained from the website IDX and Pojok BEI Diponegoro University. Samples of research is the manufacturing companies listed in Indonesia Stock Exchange (IDX) with the 2008-2010 study period. Data collected by purposive sampling method. The sample used was 33 companies each year. This study used multiple linear regression for data analysis.

The results showed that the book-tax differences are significant negative effect on the earnings growth one period ahead. Permanent differences aren't significant effect on the earnings growth one period ahead. Total book-tax differences are significant negative effect on the earnings growth one period ahead.

Key Word : temporary differences, permanent differences, total book-tax differences, earnings growth