



**The Impact of Deferred Tax and Accruals on the Earnings Persistence of Companies in the Non-Financial Sectors Listed on the Indonesia Stock Exchange**

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Accruals, Deferred Tax, Earnings Persistence, Industry Sectors, Indonesia Stock Exchange (IDX).

**Jel Classification**

M41, H25.

**Abstract**

This study examines the effect of deferred tax and accruals on the persistence of earnings. Firms with either large (small) deferred tax and large (small) accruals are predicted to exhibit low (high) earnings persistence. Using a sample of 1,609 firm-year observations from 2007 to 2014 from the Indonesia Stock Exchange (IDX), results of this study were consistent with the predictions, deferred tax and accruals had negative effects on earnings persistence. These results remained qualitatively unchanged after controlling for industry sector dummy variables and year dummy variables. When the sample was split into two groups, positive and negative accruals subsamples, the findings showed consistent results of the negative effect of accruals on earnings persistence. However, when the sample was split into two groups, positive and negative deferred tax subsamples, the results showed the negative effect of the deferred tax on earnings persistence but only for positive deferred tax subsample.