

Effect of Management Compensation and Auditor Reputation on Tax Management in the Listed Banking Companies in Indonesia

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Abstract : This study aims to examine how management compensation and auditor reputation effect on corporate tax management in banking using a sample banking companies listed in Indonesia Stock Exchange. At first, this study examines how the influence of management compensation on the implementation of tax management that may be made by management in order to improve the performance of the company. Second, this study also examines the effect of auditor reputation conducting audit on the implementation of the tax management. The population used in this study is the banking companies listed in Indonesia Stock Exchange. The method used was purposive sampling because the samples of this study have certain criteria that are tailored to the purpose of the study. Based on purposive sampling method, the number of samples in this study is 28 samples. Hypothesis tested using multiple regression analysis. The results of this study indicate that on the 5 % significance level, management compensation significantly influenced tax management as measured using the proxy book tax gap. Other result is management compensation does not significantly affect the tax management that measured using a proxy GAAP effective tax rate. In addition the auditor's reputation does significantly influence tax management as measured using the proxy book tax gap and GAAP effective tax rate.

Keywords : tax management, management compensation, auditor reputation, corporate characteristic

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