

Differences in financial performance and stock trading activities in public companies that receive tax incentives and those that do not receive tax incentives

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ABSTRACT

This study analyzes the differences in Financial Performance and Trading Activities between public companies in the manufacturing sector listed on the Indonesia Stock Exchange that received PP No. 30 of 2020 tax incentives and those that do not receive PP No. 30 of 2020 tax incentives. With this facility, companies that meet certain requirements can get a reduced income tax rate of 3% of the general rate. Financial performance is proxied using ratio. Profitability, and ratio, Mark. Market. price. book. value. While stock trading activity is proxied using the frequency of stock trading. The object of research is manufacturing companies that obtain PP No. 30 of 2020 facilities and manufacturing companies that did not obtain PP No. 30 of 2020 facilities during 2020 - 2021.

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1. INTRODUCTION

One of the government policies in the financial aspect issued for Stability. System. Finance. For. Handling. Pandemic. Coronas. Virus. disease. 2019. (COVID-19). In. Order. Face. Threat. Which. Endanger. Economy. National. That is. Regulation. Government. Number.30 .Year. 2020 concerning Reducing Income Tax Rates for Domestic Corporate Taxpayers in the Form of Open Companies

According to the Indonesian Institute of Accountants (2017) financial performance is a company's ability to manage and control its resources. According to Dangnga and Haeruddin (2018) Financial performance is needed for evaluating company performance which is useful for knowing company development and also evaluating company performance in the current year. Financial performance plays an important role in the company's operational activities, if the financial performance is good, the company's operations will also run well. If the financial performance is not good, the company's operations may also be hampered. One of the impacts of a company's poor financial performance is that the company is hampered in financing the company's operations or paying off the company's debts.

According to the General Elucidation of Government Regulation Number 30 of 2020, in order to encourage an increase in public ownership of Public Companies and support an increase in the role of the capital market for business funding and investment activity facilities, it is necessary to provide fiscal incentives in the form of reducing Income Tax rates for Public Company Taxpayers. A strong capital market sector plays an important role in investment growth, improving the structure of business capital, and accelerating national economic growth. One of the ways to strengthen the

capital market sector is by increasing the number of companies registered as public companies so that their shares can be traded on the stock exchanges in Indonesia.

According to the Big Indonesian Dictionary, incentives for additional income (money, goods, etc.) are given to increase work enthusiasm; stimulus money. Tax incentives are the provision of tax facilities from the government to taxpayers with certain conditions in the form of reduced tax rates, tax exemptions, taxes borne by the government so that taxpayers benefit, namely the tax burden paid becomes smaller. According to Barry Spitz (2013) there are four types of tax incentives namely, One of the tax incentives exemption from tax imposition is on dividend tax objects to Individual Taxpayers with certain conditions can be exempt from taxation in accordance with Regulation of the Minister of Finance Number 18/PMK.03/ 2021.

Income Tax Rate Reduction Facility for Public Company Taxpayers which is 3% lower than the Applicable Corporate Taxpayer Rate as stipulated in Article 3 paragraph 1 Government Regulation Number 30 of 2020. To take advantage of this Tax Incentive, there are several provisions that are also regulated in the Article 3 Paragraph 2 Government Regulation Number 30 of 2020. The provisions regulated are domestic taxpayers in the form of public companies, with the total number of paid-up shares traded on the stock exchange in Indonesia of at least 40% of domestic taxpayers in the form of public companies who meet certain conditions, namely, 40% of the paid-up shares traded on the stock exchange in Indonesia must be owned by at least 300 parties. Each party may only own shares of less than 5% of the total issued and fully paid shares. The specified conditions must be fulfilled within a minimum period of 183 (one hundred and eighty three) calendar days within 1 tax year. conducted by Public Company Taxpayers by submitting reports to the Directorate General of Taxes.

Companies that use a lower rate of 3% can save Rp. 600,000,000- that is equivalent to 13%. Public companies tend to have large profits because of their relatively large business scale. The greater the profit earned, the greater the amount of tax to be paid. This causes companies to make various efforts to save expenses in terms of the tax burden. For taxpayers by paying taxes it will reduce economic capacity. So that if there are real benefits felt by taxpayers using ariff reduction, namely tax savings, then it has a positive effect on companies, investors and the government.

This incentive is in the form of reducing the tax rate from the generally applicable rate to the special rate set by the government. These incentives are most often encountered in income taxes. The provision of tax incentives in the form of reduced tax rates according to Government Regulation Number 30 of 2020 is applied to certain corporate taxpayers in the form of public companies who meet the requirements. Namely a reduction in the rate of 3% on corporate income tax. Decreasing the tax rate to a lower level is the most effective incentive, because a low tax rate can increase profit after tax if the company's condition is profitable.

This type of incentive is generally given to taxpayers so that taxpayers can delay paying taxes until a certain time. Payment of tax debt by means of installments and delays is one of the facilities provided by the Directorate General of Taxes. Of course, this facility is intended for taxpayers who experience liquidity difficulties or are out of control, so they are unable to pay off costs until the end of the year. One example is regulated in the Minister of Finance Regulation Number 184/PMK.03/2012 concerning Determination of Due Dates for Payment and Deposit of Taxes, Determination of Places for Payment of Taxes and Procedures for Payment, Deposit and Reporting of Taxes and Procedures for Installment and Postponement of Tax Payments.

To see a stock trading activity in terms of corporate actions in the form of stock splits and reverse splits can be seen from the measurement of stock prices, stock liquidity, stock trading volume and the trading frequency of the company's shares concerned. Shares traded by investors on the Jakarta Stock Exchange can be divided into active shares and inactive shares. Based on the circular letter of the Jakarta Stock Exchange No. SE-03/BEJ/II-1/2014, which are classified as active shares are shares that are transacted more than 75 times in 3 months, or the equivalent of 300 times in 1 year. Shares whose transaction frequency is less than this number are called inactive shares. The reason for the stock becoming less active is partly due to the company's poor financial performance.

Apart from financial performance, market capitalization and the number of shares outstanding can also affect stock activity. Market capitalization and too few outstanding shares will reduce investors' interest in placing their capital in these companies

2. RESEARCH METHOD

The population in this study are publicly listed companies in Indonesia that are listed on the Indonesia Stock Exchange in the manufacturing sector in 2020-2021. Meanwhile, the sample selection method used in this study was double sampling, namely quota sampling and purposive sampling. Quota sampling is a sampling technique by setting a certain amount as a target that must be met in taking samples from the population, then with this number the researcher takes samples randomly as long as they meet the requirements as a sample. The number of sample quotas used is 30 manufacturing companies listed on the Indonesian stock exchange. And purposive sampling population is a sample that is determined based on the criteria of the researcher.

The type of data used is secondary data. Secondary data is data obtained indirectly or through other parties, or historical reports that have been compiled in published archives. The data sources used are Financial Reports on the Indonesia Stock Exchange for 2020-2021, and Summary of shares on the Indonesia Stock Exchange (IDX) for 2020-2021.

The data collection procedure used is documentation, namely seeking data regarding matters or variables in the form of Financial Statements of Companies listed on the Indonesia Stock Exchange through the company's website, Annual Reports of the Company's stock trading activities listed on the Indonesia Stock Exchange through the Indonesia Stock Exchange (IDX).), is done by reading literature books related to research. This study is expected to obtain information about the basic theories about companies and topics related to research. Statistical analysis of descriptive data, namely data analysis by describing or describing the data that has been collected as it is without intending to make general conclusions or generalizations. Data description can be seen from the mean value, standard deviation, maximum value and minimum value. This descriptive statistical test will later provide an overview of all the variables involved in the study, namely Return On Assets, Price Book Value, and stock trading frequency.

3. RESULTS AND DISCUSSIONS

Research result

Descriptive Statistical Analysis

In this study, the secondary data used was financial report data that were selected as the research sample from 2020 to 2021. The objective of the financial performance analysis on the research sample companies was to find out a better comparison between the financial performance of the two research sample groups. While the analysis of stock trading activities carried out on the research sample companies is aimed at knowing a better comparison between the stock trading activities of the two research sample groups. This financial performance will be shown through the ratio of profitability and market value ratio. Stock trading activity will be shown through stock trading volume and trading frequency.

Table 1. Descriptive Statistics of Companies Obtaining Tax Incentives

Variable	N	Minimum	Maximum	Means	std. Deviation
Frequency		4.00	5526.00	1,888.92	
Trading	24.00				1,724.49

Table 2. Descriptive Statistics of Companies That Do Not Receive Tax Incentives

Variable	N	Minimum	Maximum	Means	std. Deviation
Frequency		1.00			
Trading	36.00		1534.00	320.47	427,20

Stock Trading Frequency Analysis

Based on the table above, it can be seen that the average stock trading frequency in companies that receive tax incentives is 1,888.92 while the average stock trading frequency in companies that do not receive tax incentives is 320.47. This means that the trading frequency of companies that receive tax incentives is more than companies that do not receive tax incentives. The more the frequency of stock trading, it shows that the stock is more active in the market and shows the high demand for the stock.

Model Analysis or Hypothesis Testing

The normality test was carried out to find out the research variables were normally distributed. The test used to test normality is to use the Kolmogorov-Smirnov test. Data normality testing was carried out with the Kolmogorov-Smirnov test.

Table 3. Kolmogorov-Smirnov Data Normality Test Results

	Trading Frequency
asympt. Sig. (2-tailed)	0.000

Based on the table, it can be seen that the variable used in Stock Trading Frequency shows Asymp results. Sig (2-tailed) is smaller than 0.05. So it was concluded that the research data was not normally distributed. For this reason, certain treatments need to be carried out so that the data can be normally distributed. The treatment of data that is not normal is to carry out, Carry out a Normality Test using the Kolmogorov-Smirnov Test with the Monte Carlo Method with a confidence level value of 95%, Using transformation or changing data into Ln (natural logarithm) form to normalize data distribution. Because the shape of the data pattern is shaped.

Homogeneity Test

The data analysis stage used then uses the homogeneity test. This homogeneity test was carried out using the F test (Levene's Test) with the aim of knowing whether the variance (variance) of the two values is the same or different. The homogeneity test results using Levene's test are known as follows,

Table 4. Levene's Test Homogeneity Test Results

Variable	Levene Statistics	Sig.
Trading Frequency	15,900	0.000

Based on the table above, the data is heterogeneous, namely trading frequency due to the Sig. < 0.05. If the data is homogeneous or there is no significant difference between the two variances, then to compare the population means / test for Equality of Means use the t-test on the basis of Equal Variance Assumed / it is assumed that the two variances are the same. And if the data is heterogeneous or there are significant differences between the two variances, to compare the population means with the t-test it is best to use the Equal Variance Not Assumed basis, assuming the two variances are the same.

Table 5. Comparison of Independent Sample T-Test Test Results

Variable	Levene Test Results	Nature of Data	Basic Assumptions	T grade Count	T grade Table(df 58)	Information	Conclusion
Trading Frequency	0.00	Heterogeneous < 0.05	Equal Variance Not Assumed	4.91	1,672	Compute T Value > T Value Table	H0 Rejected H1 Accepted

Based on the tests that have been carried out, this chapter will explain in more detail the discussion of the results of the hypothesis. The discussion of each hypothesis in this study is Comparison of the Frequency of Stock Trading of Companies Obtaining Tax Incentives and

Companies Not Obtaining Tax Incentives. H_0 = Trading frequency of shares of companies that receive tax incentives is smaller than companies that do not receive tax incentives, H_1 = Trading frequency of shares of companies that receive tax incentives is greater than companies that do not receive tax incentives.

Based on the Table of Trading Frequency variables that H_0 is Rejected and H_1 Accepted, it can be concluded that the results of the study show that the trading frequency of shares of companies that receive tax incentives is greater than that of companies that do not receive tax incentives.

This means that companies that take advantage of tax incentives are better in the eyes of investors so that they have a positive effect and can strengthen these companies and have an impact on strengthening the capital sector in Indonesia. Companies that take better advantage of tax incentives have a lot of share buying and selling transactions, in share selling transactions are subject to a tax rate of 0.1% of gross sales, so the more share buying and selling transactions, the more state revenue.

4. CONCLUSION

Based on the results of the research and analysis that has been carried out, it can be concluded as follows, the trading frequency of shares of companies that receive tax incentives is greater than that of companies that do not receive tax incentives. The ability of the financial performance and stock trading activities of companies that receive tax incentives is better than companies that do not receive tax incentives so that PP Regulation Number 30 of 2020 is effective to implement because it is in accordance with the purpose of issuing the regulation, namely strengthening the capital market sector which plays an important role in investment growth, improving the structure of business capital, and accelerating national economic growth.

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