The Impact of Tax Amnesty Policy Influence the Investment Decision and Profitability in Stock Prices The Best 45 Companies in Indonesia

Kristine Tiurmauli¹, Rezky Pasu¹, Fahrani Fauziah¹, Syukur Dermawan Halawa¹, and Claudia Aisyah Rahayu¹

University of Riau, Pekanbaru, Indonesia, 28293
Telp/Fax: (0761) 63268
Email: fekon@unri.ac.id

Abstract: The aims of this study are to analyze the implication of Tax Amnesty which influences the Investment Decisions and Return on Equity (ROE) on Stock Price and to give an information that Tax Amnesty influences the profitability of all companies and also the investor decision to buy stock in Index LQ45. Investment decisions are projected from PER (Price Earning Ratio) and Profitability from ROE. Based on the data obtained, tax amnesty does affect the 3 variables studied. This is evident from the occurrence of changes in PER and ROE whereby when the imposition of tax amnesty PER and ROE has decreased almost in every company shares in the LQ45 index, in addition to the stock price has increased significantly. This makes it clear that political policy affects the state of the capital market.

Keywords: Investment Decisions, PER(Price Earning Ratio), Return on Equity (ROE), Stock Price and Tax Amnesty.

1. Introduction

In every country the tax is a source of income and it plays an important role in the economy. In 2015 in Indonesia the tax decreased by Rp. 464.1 trillion. The decline in tax revenues has an impact on the reduced availability of domestic liquidity that is indispensable to boost Indonesia's economic growth. The slowdown and success of the national economic development is inseparable from the role of the Indonesian capital market. However, the Indonesia Stock Exchange noted that the number of investors in Indonesia is very minimal, only 1% of the total population of Indonesia.

To continue to earn revenues from the tax sector by not releasing the role of the capital market in accordance with Law no. 36 of 2008 it is necessary to create a system of taxation that is more just and legal bersupilan so it is necessary to apply special measures and policy breakthrough in an effort to increase the number of stock investors who can withstand the economic crisis turmoil as well as providing security guarantees for citizens who want to divert and reveal his wealth in the form Forgiveness Tax as stated in RI Law no. 11 Year 2016 About Tax Amnesty. This phenomenon creates a new atmosphere in the world of unusual investments. Changes in stock prices that occur due to the enactment of Tax Amnesty will certainly affect investment decisions and ROE that will be a consideration for investors and potential investors to invest in various sectors in Indonesia. So companies need to know how Tax Amnesty's involvement in the company's financial performance before and after the enactment of Tax Amnesty and the various impacts that may arise. Therefore, the researcher is interested to examine the Implications of Amnesty Tax Policy in Affecting Investment Decision and Profitability on Stock Price of 45 Best Companies In Indonesia.
2. Literature Review

a. Stock Prices

According to Martono (2007: 13) stock prices is a reflection of investment decisions, funding (including dividend policy) and asset management. This statement indicates that the influence of stock prices will be investment decisions. So for that investors need information relating to the formation of these shares in taking a decision to sell or buy shares. The movement of stock prices is also offset by activities outside the control of the company, making it difficult for companies to control stock prices well, this is explained by Weston and Brigham. Both argue that factors that may affect stock price movements apart from projected earnings per share, the risk level of profit projection, the proportion of corporate debt to equity, as well as dividend payout policy, there are other factors that can affect the movement of stock prices are external constraints such as economic activity Namely the tax and state of the stock exchange.

b. Investment Decision

According to Rakhimsyah and Gunawan (2011) investments are at the expense of assets owned now to obtain assets in the future with a larger amount. Myers (1977) in subekti (2001) states that the company is a combination of the value of the assets in place with future investment options. Investment choice is an opportunity to grow, but often companies can not always carry out all investment opportunities in the future.

c. Return on Equity

There are several profit ratio used, one of them is Return On Equity (ROE). ROE is the ratio used to measure a company's ability to generate net income from its own capital used by the company. Sri Hasnawati (2006) in his journal, suggests that the factors that determine the level of ROE one of them tax. The higher the tax given by the company then the ROE will be low. This is because larger corporate cash (much) is used for tax payments.

d. Tax Amnesty

Tax amnesty is the abolition of taxes that should be payable, not subject to tax administration sanctions and criminal sanctions in the field of taxation, by disclosing property and paying ransom as regulated in Law No. 11 of 2016 About Tax Pardons.

3. Research and Methodology

3.1 Data

This research uses two types of data, namely the type of quantitative and qualitative data. Qualitative research results can later strengthen the results of quantitative research so that the results obtained are valid, reliable and credible. The research time will be conducted for 5 months with the following observation period:

3.2 Methodology: Quantitative Data Collection Techniques

The technique of collecting secondary data used in this research is documentation technique based on the company's financial report published by IDX in period of observation that is January 2016 until April 2017, consistently included in LQ45 index category at period of observation which have been published periodically by using monetary unit rupiah. The population in quantitative research is 45 companies. In sample selection, this research uses purposive sampling method. Some of the criteria used in the sampling of this study are as follows:

1) Entered into the LQ45 index in the period January 2013-April 2017
2) Publish Annual Financial Reports in the period of observation
3) Variable data is available in the Annual Financial Statement for the period of observation
There are two variables studied, namely independent variables (investment decision and return on equity) and dependent variable (share price) and moderation variable (Tax Amnesty). (Www.idx.co.id, wwwfinanceyahoo.com and www.sahamok.com).

3.2.1 Quantitative Data Collection Techniques

Sample collection in qualitative research using purposive sampling method. With the criteria is a company that entered and became part of the LQ45 Index in BEI in the period of observation and the location of headquarters or branches domiciled in Pekanbaru so that obtained a sample of 14 companies. Qualitative data collection techniques conducted in 3 ways, namely:

1) Interview, using unstructured interviews to obtain information in accordance with the objectives to be achieved.

2) Observation, stated frankly to the informant that the researcher is doing research on changes in stock price of the company before and after the enactment of Tax Amnesty.

3) Documentation, including: photographs of financial performance and situation in the company.

4) The informant consists of employees of the company's finance department, the owner / Manager of the company and the Directorate of Taxes.

4 Results and Discussion

4.1 Analysis on the value of ROE

In the three months prior to the imposition of the amnesty tax, these shares have the ability to earn profits at certain points that can be said to be better than the next quarter, or it can be said that the decline occurred during the tax amnesty.

4.1.1 Stocks: Decreased in ROE value

The decrease occurred between 0.06% - 35.02%. The most distress experienced by the shares of UNVR or PT. Unilever Indonesia Tbk amounted to 35.02%, while the decline is not too drastically experienced by shares of BBCA or PT. Bank Central Asia Tbk amounting to 0.06%. Of the 25 shares listed in the LQ45 Index during the period February 2013 - July 2017, 17 stocks declined after the tax amnesty. The shares are:

| AALI | PT. Astra Agro Lestari Tbk |
| AKRA | PT. AKR corporindo Tbk |
| BBCA | PT. Bank Central Asia Tbk |
| BBRI | PT. Bank Rakyat Indonesia Tbk |
| BSDE | PT. Bumi Serpong Damai Tbk |
| CPIN | PT. Charoen Pokphand Indonesia Tbk |
| ICBP | PT. Indofood CBP Sukses Makmur Tbk |
| INDF | PT. Indofood Sukses Makmur Tbk |
| INTP | PT. Indocement Tunggal Prakarsa Tbk |
| JSMR | PT. Jasa Marga Tbk |
| KLF | PT. Kalbe Farma Tbk |
| LPKR | PT. Lippo Karawaci Tbk |
| MNCN | PT. Media Nusantara Citra Tbk |
| PTBA | PT. Bukit Asam Tbk |
| SMGR | PT. Semen Indonesia Tbk |
| TLKAM | PT Telekomunikasi Indonesia Tbk |
| UNVR | PT. Unilever Indonesia Tbk |

Figure 1. stocks declined after the tax amnesty

ROE value is known from the division between Net Income with Own Capital. This decrease could be due to:

1. The Company has implemented the program causing the total net income or operating profit to decrease. The cycle is when operating profit is reduced this can be caused by 3 types of cash expenditures, namely burdens, interest payments and tax payments, and companies issuing cash derived from these three types of expenditure is greater than the previous quarter.
2. The company does not maximize its resources ie large capital / equity and large operating profit to distribute larger dividends to investors. The logic is that if the ROE value increases due to large dividend payouts and reduces the equity value then the company's ROE automatically rises.

4.1.2 Stocks: Increase in ROE value

8 of these shares experienced an increase in the ability to earn a fairly rapid profit that ranges between 4.94% - 16.36% and this occurs after the implementation of tax amnesty. The shares are:

| ADRO | PT Adaro Energy Tbk |
|------|----------------------|
| ASII | PT Astra International Tbk |
| BBNI | PT Bank Negara Indonesia Tbk |
| BMRI | PT Bank Mandiri Tbk |
| GGRM | PT Gudang Garam Tbk |
| LSIP | PT Perusahaan Perkebunan London Sumatra Indonesia Tbk |
| PGAS | PT Perusahaan Gas Negara Tbk |
| UNTR | PT United Tractors Tbk |

Figure 2 after the implementation of tax amnesty

3 things that can be used as reasons why this can happen, namely:

a. The company has not implemented the program and total sales have increased.

b. The investor's prediction of this stock is good so that the investment decision on this stock increases and influences the company's capital.

c. The Company conducts Earnings Management to look good in the eyes of investors.

4.2 Analysis on the value of PER

PER (Price Earning Ratio) is a fundamental tool of stock analysis that states that the price of a share is fair or unnatural.

| AALI | 17.86% | 18.68% | Naik 0.82% |
|------|---------|---------|------------|
| ADRO | 8.45%   | 10.64%  | Naik 2.19% |
| AKRA | 21.58%  | 24.54%  | Naik 2.76% |
| ASII | 24.12%  | 22.21%  | Naik 1.16% |
| BBCA | 17.15%  | 19.19%  | Naik 2.04% |
| BBNI | 11.09%  | 10.06%  | Turun 1.03% |
| BBRI | 10.94%  | 11.91%  | Naik 0.97% |
| BMRI | 15.69%  | 16.32%  | Naik 0.63% |
| BSDT | 24.71%  | 27.42%  | Naik 2.71% |
| CPIN | 17.75%  | 17.25%  | Turun 0.50% |
| GGRM | 23.14%  | 19.44%  | Turun 3.70% |
| ICBP | 12.69%  | 29.26%  | Naik 16.57% |
| INDF | 14.27%  | 17.68%  | Naik 3.41% |
| INTP | 12.79%  | 15.22%  | Naik 2.43% |
| JSMR | 19.38%  | 17.99%  | Turun 1.39% |
| KLBK | 31.29%  | 35.41%  | Naik 4.12% |
| LPKR | 26.54%  | 25.78%  | Turun 0.76% |
| LSIP | 41.79%  | 28.09%  | Turun 13.70% |
| MNCN | 15.67%  | 14.99%  | Turun 0.68% |
| PGAS | 14.12%  | 16.59%  | Naik 2.47% |
| PTBA | 12.46%  | 15.81%  | Naik 3.55% |
| SMGR | 14.11%  | 15.34%  | Naik 1.23% |
| TLKM | 20.21%  | 22.12%  | Naik 1.91% |
| UNTR | 14.89%  | 15.84%  | Naik 0.95% |
| UNVR | 32.14%  | 33.67%  | Naik 1.53% |

Figure 3 PER (Price Earning Ratio)

4.2.1 Stocks: Decreased in PER Value
The decrease occurred between 0.68% - 13.70%. The biggest decline was experienced by LSIP or PT London Sumatra Indonesia Tbk Plantation Company which was 13.70%, while the less drastic decline was experienced by MNCN or PT Media Nusantara Citra Tbk by 0.68%.

Of the 25 shares listed in the LQ45 Index during the period February 2013 - July 2017, 7 stocks declined after the tax amnesty. The shares are:

| Stock | Description |
|-------|-------------|
| BBNI  | PT Bank Negara Indonesia Tbk |
| CPIN  | PT Charoen Pokphand Indonesia Tbk |
| GGRM  | PT Gudang Garam Tbk |
| JSMR  | PT Jasa Marga Tbk |
| LPKR  | PT Lippo Karawaci Tbk |
| LSIP  | PT Perusahaan Perkebunan London Sumatra Indonesia Tbk |
| MNCN  | PT Media Nusantara Citra Tbk |

Figure 4. 7-stocks declined after the tax amnesty

4.2.2 Stocks: Increase in PER value
These 18 stocks experienced a considerable increase in PER value ranging from 0.63% - 16.57% and this occurred after the introduction of tax amnesty.

| Stock | Description |
|-------|-------------|
| AALI  | PT Astra Agro Lestari Tbk |
| ADRO  | PT Adaro Energy Tbk |
| AKRA  | PT AKR Corporindo Tbk |
| ASII  | PT Astra International Tbk |
| BBCA  | PT Bank Central Asia Tbk |
| BBRI  | PT Bank Rakyat Indonesia Tbk |
| BMRI  | PT Bank Mandiri Tbk |
| BSDE  | PT Bumi Serpong Damai Tbk |
| ICBP  | PT Indofood CBP Sukses Makmur Tbk |
| INDF  | PT Indofood Sukses Makmur Tbk |
| INTP  | PT Indocement Tunggal Prakarsa Tbk |
| KLBF  | PT Kalbe Farma Tbk |
| PGAS  | PT Perusahaan Gas Negara Tbk |
| PTBA  | PT Bukit Asam Tbk |
| SMGR  | PT Semen Indonesia Tbk |
| TLKM  | PT Telekomunikasi Indonesia Tbk |
| USTR  | PT United Tractors Tbk |
| UNVR  | PT Unilever Indonesia Tbk |

Figure 5 Stocks: Increase in PER value

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