

THE INFLUENCE OF EARNING OPACITY AND TAX PLANNING ON ACCRUAL QUALITY WITH DEBT COST AS A MODERATING VARIABLE IN ENERGY SECTOR COMPANIES (IDXENERGY) LISTED ON THE INDONESIA STOCK EXCHANGE FROM 2019-2022

Tutik Siswanti, Etty Murwaningsari

Universitas Trisakti, Indonesia

Email: 221022204006@std.trisakti.ac.id, etty.murwaningsari@trisakti.ac.id

ABSTRACT

This study aims to measure the effect of earning opacity and tax planning on accrual quality with debt cost as a moderation variable in Energy Sector Companies (IDXENERGY) listed on the Indonesia Stock Exchange. The sample of this study is based on 184 annual observations of companies listed on IDX in Indonesia during the period 2019-2022. This study uses a panel regression model to test the hypothesis. The results show that earning opacity with proxy earning aggressiveness significantly affects the quality of accrual. Meanwhile, tax planning has no effect on the quality of accruals. Meanwhile, debt costs are not able to moderate the influence of earning opacity and tax planning on accrual quality. This study makes a significant contribution to the accounting literature on how earning opacity is a factor that can have an impact on the quality of accruals which can ultimately lead to the low quality of information produced by the company.

KEYWORDS Accrual Quality, Earning Opacity, Tax Planning, Debt Costs.



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INTRODUCTION

Accrual quality refers to the extent to which accounting measurements reflect actual transactions and measures the extent to which those accruals can be relied upon as a basis for making business decisions. The quality of accruals can indicate the extent to which financial statements reflect the real condition of the company and reduce potential bias in accounting information. Accrual quality is important because it provides information to investors about mapping accounting profits into cash flows, poor accrual quality weakens this mapping and increases cash flow risk (Cho et al., 2017), (Septiani, 2018).

Good accrual quality is very important because it has a significant impact on the interpretation and use of financial statements, for example investors, creditors,

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analysts, and various other stakeholders (Ping, 2016). (Dechow et al. (2010) in (Darjezi, 2016) Defining the quality of profit (*Earnings Quality*) is the more honest (*faithfully*) represents the features of the process *earnings* relevant company fundamentals for a particular decision made by the decision-maker. High quality accruals are not only important for meeting accounting standards, but they also have a significant positive impact on stakeholder trust and the overall health of the company (Siladjaja & Anwar, 2020).

Accrual quality has a role for investors about information on the company's performance and financial stability for investment decision-making. Good accrual quality creates trust, enables accurate investment analysis, and minimizes risk, helping investors build diversified, secure, and sustainable portfolios (Siladjaja & Anwar, 2020). By realizing the importance of accrual quality, it is necessary to understand the factors that can affect accrual quality. Some of these factors include *Earning opacity* and *Tax Planning*. (Hanlon & Heitzman, 2010), *Earning opacity* It is a level of ambiguity or unreadability of financial information presented in financial statements due to complex accounting practices or when the information presented is not transparent enough. (Healy & Palepu, 2001), *Tax Planning* is the practice of companies to optimize tax liabilities in a lawful way, but the practice of *Tax Planning* aggressive ones can cause companies to violate tax regulations and can also affect the quality of financial statements in a detrimental way, such as reducing the consistency and transparency of financial information. High accrual quality indicates that a company's financial statements are more accurate and reliable, while low accrual quality indicates the presence of aggressive or manipulative accounting practices that can lead to incorrect financial information. (Septiani, 2018), the stock price is highly dependent on the information obtained and owned by the investor, (Shin & Oh, 2017), (Anggita Langgeng Wijaya, Bandi, 2010) While the information presented depends on the quality of the accrual, (Landgraf & Riahi-Belkaoui, 2003) and positively correlate with market signals.

Debt costs are costs that arise because the company's funding in carrying out operations is sourced from debt. The high cost of debt can reduce the company's ability to obtain additional funding and this can affect the quality of accruals as the company may have to make suboptimal decisions to meet funding needs (Cao et al., 2015). Additionally, a high cost of debt can indicate that the company has a high risk of bankruptcy, which can affect the quality of accruals because the company may have to take suboptimal measures to avoid bankruptcy (Salehi et al., 2017). Therefore, the high cost of debt can affect the quality of accruals and can be an indicator of potential financial problems in the future.

Several studies have tested several variables that affect the quality of accruals, but the results are still mixed. Therefore, the researcher is motivated to re-test the effect of *earning opacity* and *tax planning* on accrual quality by adding debt costs as a moderation variable. This is based on the results of previous research, that the cost of debt affects the quality of accrual, so the researcher wants to try to test whether the high cost of debt can moderate the influence of *earning opacity* and *tax planning* on the quality of accrual.

Theoretical Foundations and Hypothesis Development

Agency Theory

According to (Jensen & Meckling, 1976), agency theory is a design that describes the contextual relationship between a principal and an agent, i.e. between two or more people, a group or an organization. The principal is the party that has the right to make a decision for the future of the company and assign responsibility to other parties (agents) (Hellwig, 2009). Jensen and Meckling identified two main types of agents in agency theory: managerial agents (managers) and financial agents (owners or shareholders). They emphasized the existence of agency costs, namely costs arising from conflicts of interest between the two parties. (Salehi et al., 2017), agency costs result from a misalignment of interests of the company's owners and managers or, more simply, the separation of ownership and control.

Signaling Theory

Signaling theory is a concept that describes how an individual or company can convey information about its qualities or abilities through certain actions or signals. This is useful when two parties have access to different information (Connelly et al., 2011). Signaling theory is a useful concept for understanding how companies can convey information about their qualities or abilities through specific actions or signals. In the context of accounting, *Signaling Theory* can be applied to accrual quality, which can help reduce information asymmetry, improve market efficiency, and attract investors who are willing to pay a premium for higher-quality stocks (Connelly et al., 2011), (Septiani, 2018). *Signaling theory* It is information about the condition of the company to the owner as the principal or interested party.

Accrual Quality

Quality accrual is included as a proxy for the quality of income of audited financial statements (2010), Karjalainen (2011); (Le et al., 2021). The quality of accruals is very important because it has a significant impact on the interpretation and use of financial statements, for example investors, creditors, analysts, and various other stakeholders (Ping, 2016). (Dechow et al. (2010) in (Darjezi, 2016) Defining the quality of profit (*Earnings Quality*) is the more honest (*faithfully*) represents the features of the company's fundamental earnings process that are relevant to a particular decision made by the decision maker.

High accrual quality indicates that a company's financial statements are more accurate and reliable, while low accrual quality indicates the presence of aggressive or manipulative accounting practices that can lead to incorrect financial information. (Septiani, 2018), the stock price is highly dependent on the information obtained and owned by the investor, (Shin & Oh, 2017), (Anggita Langgeng Wijaya, Bandi, 2010) While the information presented depends on the quality of the accrual, (Landgraf & Riahi-Belkaoui, 2003) and positively correlate with market signals. Accurate and transparent financial information is essential for high-quality accruals, and the opacity of revenue undermines this reliability and transparency. (Mahmoud & Shams, 2018), (Jabbari et al., 2021), (Lateef et al., 2019), (Chen & Wu, 2016).

Earning Opacity

Earning opacity (profit ambiguity) describes the extent to which information about a company's profits is difficult for investors and financial analysts to access or understand. Ambiguity in earnings can refer to ambiguity or complexity in profit reporting that can result in difficulties for stakeholders to properly understand a company's financial performance. (Al-Haddad & Al-Ghoul, 2023).

Earning opacity refers to the practice of modifying earnings to make them less transparent, which can make it difficult for investors to make informed decisions (Muhammad Ikhsan Fikri, 2023), negatively impacting financial stability (Mies, 2022). Companies with higher earnings opacity have a higher level of information asymmetry, which can make it difficult for investors to make informed decisions (Lateef et al., 2019). (Sinekti & Satyawan, 2021), *Earning opacity* have a significant negative effect on the company's value, (Jabbari et al., 2021) and stock price, investors rely on financial statements as the basis for making investment decisions, and if detecting *Profit opacity*, they are less likely to be interested in investing in companies, which leads to a decrease in stock liquidity
H1 : *Earning opacity* has a negative effect on the quality of accruals

Tax Planning

Tax planning and financial management is an important aspect of internal management duties for companies. The relevance of tax planning and financial management is reflected in the progress of objectives, unity of functions, content linkages, and integration interactivity (Yina, 2020).

(Tanujaya & Lius, 2023) *Tax Planning* has a significant negative effect on tax disclosure, the more aggressive tax planning the lower the tax disclosure rate in the company's financial statements, so that tax planning can affect the transparency of the company's financial statements, leading to profit management practices, such as manipulating accruals, to achieve the desired tax results. (Ghonia & Darma, 2023), *Tax Planning* which is done incorrectly can affect the quality of the company's accrual if the company manipulates its financial statements to avoid paying taxes that should have been paid. Disclosure *Tax Planning* that is not transparent can affect the quality of audits and the value of the company (Mulyadi, Tambun, 2020), (Harisda et al., 2020).

H2 : *Tax Planning* has a negative effect on the quality of accruals

Debt Costs

(Park, 2016), Interest rates are determined by business costs, while the quality of financial reporting is determined by how accurately the reports describe the company's financial situation and provide valuable information to investors, creditors, regulators, and analysts.

Research (Cao et al., 2015), found strong evidence that companies with low equity costs have higher reputation scores. Where the improvement of a consistent reputation provides information about the quality of the company. While (Pelinta Tarigan, El Roy Denito, 2019), *Leverage* Affecting profit equalization, the risk of high loan interest can potentially affect profit management.

H3 : Debt cost moderates the negative effect of *earning opacity* on accrual quality

H4 : Debt costs moderate the influence of *tax planning* on accrual quality

Company Size

(Putra et al., 2020), The size of the company is the total assets, sales and market capitalization. Larger companies may face greater challenges in ensuring their accrual quality, they also tend to have more resources and face stricter scrutiny, which can result in higher accrual quality overall (Gahani Purnama Wati, 2017), (Setiawan, 2017), (Septiana & Desta, 2021). (Suganda & Syarif, 2015), (Setiawan, 2017) The size of the company has a significant positive effect on the quality of accrual, meaning that larger companies tend to have higher quality of accrual.

Liquidity

Liquidity has been defined as the ability of a company to act on short-term obligations, in other words, liquidity is the ease of conversion of assets into cash (Moghaddam & Abbaspour, 2017). (Ambarwati & Dwi Hastuti, 2021), liquidity has a non-significant effect on the quality of accrual.

Leverage

(Awuye & Aubert, 2022), the ratio measures how much a company is financed with debt. (Alam et al., 2020), *Leverage* have a significant negative effect on profit management. (Septiana & Desta, 2021), leverage has a positive and significant effect on the quality of profits.

RESEARCH METHOD

Sample and Data Collection

This study uses the population of Energy Sector Companies (IDXENERGY) listed on the Indonesia Stock Exchange. Reasons to choose a company The energy sector has an important role in supporting various sectors of the economy, including industry, transportation, and households. In addition, energy companies have a significant impact on the environment, and are also a hub for innovation and development of new technologies in the field of renewable energy, energy efficiency. By using this sector in the research, it is hoped that the results can generalize energy sector companies listed on the Indonesia Stock Exchange.

The sampling technique used is *purposive sampling*, using criteria so that companies that do not meet the criteria are not used in this study. So that the sample that meets the criteria is 184 annual financial reports from 46 companies, the period 2019 to 2022 or 4 years.

The data in this study was collected through the official website of the Indonesia Stock Exchange and the company's website. The data processing process uses *Eviews* software 12. Data processing was carried out to test the influence of independent variables on dependencies by selecting an appropriate panel regression model.

Model Research and Variable Measurement

The equations formulated in the panel data regression model in this study are as follows:

$$AQ = \alpha + \beta_1 AGGRS + \beta_2 TRR_{it} + \beta_3 COD + \beta_4 AGGRS * CoD + \beta_5 TRR_{it} * CoD + \beta_6 LA + \beta_7 CR + \beta_8 DAR + e \dots$$

Dependent Variables

Accrual Quality (QA), which is measured based on (Ping, 2016) and (Fanani, 2009), using the formula: $TA_{it}/A_{it-1} = \beta_1(1/A_{it-1}) + \beta_2(\Delta REV_t/A_{it-1}) + \beta_3(\Delta PPE_t/A_{it-1}) + e$.

TA_{it} = total company accrual i period t; A_{it-1} = total assets of company i in year t-1; ΔREV_t = change in company income i from year t-1 to year t; PPE_t = fixed assets of the company in year t; $\beta_1, \beta_2, \beta_3$ = Parameters obtained from the regression equation

Independent Variables

- *Earning opacity* (AGGRS), this variable uses measurements that are often used by previous researchers (Bhattacharya et al., 2003); (Jabbari et al., 2021), *Earnings Aggressiveness*:

$$AGGRS: \frac{(\Delta CA_t - \Delta CL_t - \Delta CASH_t + \Delta STD_t - DEPt + \Delta TP_t)}{TA_{t-1}}$$

AGGRS=earnings aggressiveness, ΔCA_t delta/current *assets difference* for year t; ΔCL_t = delta/current *liabilities difference* for year t; $\Delta CASH_t$ = delta/cash difference for year t; ΔSTD_t = delta/*short-term debt difference* for year t; $DEPt$: *depreciation* year t, ΔTP_t : delta/*tax payable difference* year t; TA_{t-1} :total assets in year t-1

- Tax Planning, in this study uses measurements that refer to previous research (Erawati & Lestari, 2019),(Arman and Mira 2021) : *Tax Retention Rate*

$$TRR_{it} = \left(\frac{Net\ Income_t}{EBIT_{it}} \right) - 1$$

TRR_{it} = Tax Retention Rate (tax retention rate) of the company i in year t; $Net\ Income_{it}$ = net profit of the company i in year t; $(EBIT)_{it}$ = profit before tax of company i in year t

Moderation Variables

Cost of debt (COD), in this study uses measurement (Zamifa et al., 2022) :

$$Kd = \frac{Beban\ Utang}{Utang\ Jangka\ Panjang}$$

Control Variables

In this study, three control variables are used:

- Company size (LA), measured using Natural Logarithms (Ln) Total assets:(de Souza et al., 2022)
- Liquidity (CR), measured by *current ratio* : (Ayem and Mison 2022); (P. S. Putra and Dewi 2023) :

$$CR = \frac{Aktiva Lancar}{Utang Lancar}$$

- Leverage (DAR) is measured by the Debt to Total Assets Ratio (Widhiastuti & Putu Diah Kumalasari, 2022) :

$$DAR = \frac{Total Utang}{Total Aset}$$

Framework of Thought

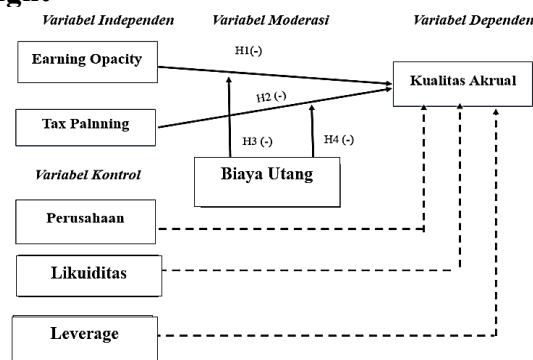


Figure 1. Framework of Thought

RESULT AND DISCUSSION

Descriptive Statistics

Table 1. Descriptive Statistics

	QA	AGG	TRR	COD	LA	CR	DAR
Mean	0.013064	-0.160011	-0.237625	0.072595	28.38587	0.226359	0.386848
Median	0.001550	-0.132500	-0.242500	0.038700	28.00000	0.170000	0.370000
Maximum	0.960600	0.926000	1.222000	1.549700	33.00000	0.950000	0.830000
Minimum	-0.268400	-1.719000	-0.937000	0.000800	25.00000	0.040000	0.030000
Std. Dev.	0.107056	0.400441	0.212648	0.172197	1.754936	0.188243	0.175953
Skewness	4.227340	-0.088041	2.131271	6.669434	0.391320	2.388824	0.055305
Kurtosis	37.13753	3.583909	17.56965	51.90435	3.185699	8.083574	2.507531
Jarque-Bera	9482.539	2.851652	1766.737	19699.96	4.960405	373.1262	1.953164
Probability	0.000000	0.240310	0.000000	0.000000	0.083726	0.000000	0.376596
Sum	2.403800	-29.44200	-43.72300	13.35740	5223.000	41.65000	71.18000
Sum Sq. Dev.	2.097362	29.34463	8.275115	5.426279	563.6033	6.484660	5.665572
Observations	184	184	184	184	184	184	184

Based on the table above, it shows that the independent variable in this study aggressive profit has a minimum value of (-1.719000) and a maximum of 0.926000, and the variable of tax retention rate with a minimum value (-0.937000), a maximum value of 1.2222000. The mean values for the variables of accrual quality, aggressive profit, tax retention, and debt cost have a mean < the standard definition, the sample data is homogeneous which means a good representation of all data.

Meanwhile, the mean of the variables of company size, liquidity, and leverage is greater than the standard deviation. The reason is that the data is heterogeneous, this is because the distribution of data varies and has a high level of deviation.

Normality Test

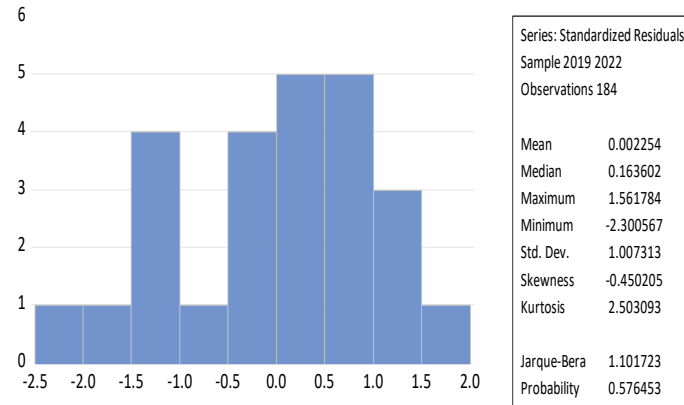


Figure 1. Normality Test

Based on the figure above, the Jarque-Bera Probability value is $0.576453 > 0.05$. Thus, it can be concluded that the data used in this study meets the criteria for normal attribution

Chow Test

Chow test is a test to test the best model between the CEM model and the FEM which is more appropriate to be used in estimating panel data. The hypothesis of the *chow test* is as follows:

- If the probability of chi-square < 0.05 , then the chosen one is FEM
- If the probability of chi-square > 0.05 , then CEM is chosen

Table 2. Chow Test

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.546134	(45,132)	0.0301
Cross-section Chi-square	77.899094	45	0.0017

Based on table 4.6, it shows that, the probability value of the F-test is 0.0301, and the probability of cross-section chi-square is 0.0017, where the value is less than 0.05, so according to the criteria of the selected model is FEM. Because in the chow test that was selected using the FEM model, it was necessary to carry out further testing with *the Hausman test*.

Hausman Test

The *Hausman test* is a test conducted to select the best capital between FEM and REM. The hypothesis of the *Hausman test* is:

- If the probability of cross-section, if < 0.05 , then the model chosen is FEM.
- If the probability > 0.05 , then the model used is REM.

Table 3. Hausman Test

Correlated Random Effects - Hausman Test Equation: Untitled Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	10.847692	6	0.0932

Based on the table above, it shows that the random cross-section probability value of 0.0932 is greater than 0.05, meaning that the selected model hausman test results are REM. Because the REM was chosen, the *Lagrange Multiplier Test* (LM-Test) was then carried out.

Lagrange Multiplier Test (LM-Test).

Lagrange Multiplier Test, is a test conducted to choose between the panel regression of the CEM model and the REM model. *Lagrange Multiplier Test Hypothesis*:

- If the p-value of the Pagan crosssection > 0.05 (alpha: 5%), then the model chosen is the CEM approach.
- If the p-value of the Pagan crosssection < 0.05 (alpha: 5%), then the model chosen is the REM approach.

Table 4. Lagrange Multiplier Test

Lagrange Multiplier Tests for Random Effects Null hypotheses: No effects Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives			
	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	1.419911 (0.0023)	34.88407 (0.0000)	36.30398 (0.0000)
Honda	1.191600 (0.1167)	5.906274 (0.0000)	5.018955 (0.0000)
King-Wu	1.191600 (0.1167)	5.906274 (0.0000)	6.016625 (0.0000)
Standardized Honda	1.536763 (0.0622)	7.119047 (0.0000)	0.615624 (0.2691)
Standardized King-Wu	1.536763 (0.0622)	7.119047 (0.0000)	4.215245 (0.0000)
Gourieroux, et al.	--	--	36.30398 (0.0000)

Based on the table above, the p-value of the Pagan crosssection of 0.0023 is smaller than 0.05 (alpha: 5%), thus the model chosen is the regression of the *Random Effect Model* (REM) panel. Thus, based on the three stages of testing, the selection of a selected and appropriate regression model is the *Random Effect Model* (REM).

Results of Individual Hypothesis Testing H1 to H4

In this study, hypothesis testing uses Moderated Regression Analysis (MRA), with debt costs as the moderator. The following are the results of the hypothesis test:

Table 6. MRA Output Results

Sample: 2019 2022 Periods included: 4 Cross-sections included: 46 Total panel (balanced) observations: 184				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.272979	0.125829	2.169438	0.0314
AGG	-0.085931	0.021930	-3.918427	0.0001
TRR	0.039920	0.038727	1.030821	0.3040
COD	0.021872	0.065560	0.333613	0.7391
LA	-0.011459	0.004497	-2.547939	0.0117
CR	0.010127	0.043445	0.233111	0.8159
DAR	0.152630	0.048581	3.141761	0.0020
AGG_COD	0.127046	0.139797	0.908786	0.3647
TRR_COD	0.072021	0.270835	0.265922	0.7906
R-squared	0.152475	Mean dependent var		0.013064
Adjusted R-squared	0.113731	S.D. dependent var		0.107056
S.E. of regression	0.100785	Akaike info criterion		-1.703987
Sum squared resid	1.777566	Schwarz criterion		-1.546735
Log likelihood	165.7668	Hannan-Quinn criter.		-1.640251
F-statistic	3.935451	Durbin-Watson stat		1.775676
Prob(F-statistic)	0.000266			

Description: QA: Accrual Quality, AGG: Aggressive Profit, TRR: Tax Retention Rate, COD: Cost of Debt, LA: Company Size, CR: Liquidity (Current ratio), DAR: Leverage (Debt Asset Ratio).

$$QA = 0.276467 - 0.085931AGG + 0.039920TRR + 0.021872COD - 0.011459LA + 0.010127CR + 0.152630DAR + 0.127046AGG * COD + TRR * COD$$

Table 7. Hypothesis Test Results

Hypothesis	Direction Prediction	Coefficient	Probability
H1 : AGG => QA	-	-0,085931	0,0001*
H2 : TRR => QA	+	0,039920	0,3040
H3: AGG=>COD=>QA	+	0,127046	0,3647
H4: TRR=>COD=>QA	+	0,072021	0,7906
COD => QA		0,021872	0,7391
LA => QA		-2,547939	0,0117*
CR => QA		0,233111	0,8159
DAR => QA		3,141761	0,002*

R-Square	0,152475
Adjusted R-Square	0,113731
F-Statistics	3,935451
Probability (F-Statistics)	0,00026

Hypothesis Test Results

a. The Effect of *Earning opacity* on Accrual Quality

Earning opacity had a negative and significant effect on the quality of accrual, which was shown by a value (t-statistic -3.918427) and a significance of $0.0001 < 0.05$. This shows that if *Earning opacity* which increases by one unit, it will decrease the accrual quality by 0.3918427. This result is in line with previous research, (Dechow & Dichev, 2002), The lower this level of clarity, the higher the level *Earning opacity*. (Francis et al., 2005), (Riahi-Belkaoui, 2005) level *Earning opacity* high can reduce the quality of accruals because it is difficult to identify the actual sources of cash flow and predict future cash flows, this can lead to inaccurate accruals. (Dervin Listinargo, Lia Uzliawati, 2022), profit aggressiveness has a significant positive effect on profit equalization/*Earnings Persistence*.

b. Influence on Accrual Quality

Tax planning has no effect on the quality of accrual, which is indicated by a value (statistical t 1.030821) and a significance of $0.3040 > 0.05$. The findings are in line with the findings (Sivolapenko & Sapozhnikova, 2020), that the benefits of tax planning are significant with economic efficiency to reduce corporate costs. Meanwhile (Yuan & Xu, 2015), stating that tax planning can help companies to achieve maximum direct economic benefits and value. (Yuan & Xu, 2015), (Guo & Ma, 2015) However, the practice *Tax Planning* The legal one does not reduce the quality of accrual.

c. The Debt Cost Ability moderates the effect of *Earning opacity* on Accrual Quality.

Based on the output, it shows a t-statistical value of 0.908786, and a significance of $0.3647 > 0.05$. The results of this study conclude that the cost of debt is not able to moderate the influence of *Earning opacity* to the quality of accruals. The results of this study do not support previous research conducted by (Dervin Listinargo, Lia Uzliawati, 2022), (Andriani & Afriyenti, 2019), (Andriani & Afriyenti, 2019), which shows that the opacity of profits proxied with profit aggressiveness has a significant positive effect on the cost of debt.

d. The Ability of Debt Cost to moderate the influence of Tax Planning on Accrual Quality

Based on the output, it shows that the t-statistical indigo is 0.265922 and the significance is $0.07906 > 0.05$. Based on this, the findings in this study conclude that debt costs are not able to moderate the influence of debt *Tax Planning* to the quality of accruals. Disclosure *Tax Planning* that is not transparent can affect the quality of audits and the value of the company (Mulyadi, Tambun, 2020), (Harisda et al., 2020). Meanwhile (Tiara Ulfa Inanda, Eddy Suranta, 2018), (Rajab et al., 2022), tax avoidance or tax planning has no effect on the company's value.

R-Adjusted Square

The Adjusted R-Square value is 0.113731 or 11.37%. This shows that the ability of the independent variables used in this study to influence the change of the dependent variable is 11.37%, while the remaining 88.63% is influenced by other variables. The results of the F test presented in the table show a F-Statistic value of 3.93545, and a significance of 0.00026. This explains that the ability of independent variables to influence changes in dependent variables is significant.

CONCLUSION

Earning opacity has a negative and significant effect on the quality of accruals. Tax Planning has no effect on the quality of accruals. Iaya Capital is unable to moderate the influence of earning opacity and tax planning on the quality of accruals.

This study has limitations, the results of the r-square value, which is relatively small, can be caused by the lack of observed data, due to the large amount of data that does not meet the criteria of the research sample. In addition, financial report data in 2020 fluctuated quite a bit and tended to be abnormal, due to the economic crisis caused by the covid 19 pandemic.

This research has implications that can help enrich theories related to profit management, the quality of financial reporting, and the influence of debt costs on corporate accounting policies. In addition, it can have important implications for accounting practices, especially in terms of profit management and tax planning.

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