

## TAX PLANNING, AUDIT QUALITY, AUDIT OPINION, LEVERAGE, AND PROFITABILITY AS A DETERMINANT OF TIMELESS REPORTING

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**Abstract :** The purpose of the research entitled ‘Tax Planning, Audit Quality, Audit Opinion, Leverage, and Profitability on Timeless Reporting’ is to find out the effect of Tax Planning, Audit Quality, Audit Opinion, Leverage, and ROA variable on Timeless Reporting. The population and sample used in this research is manufacture company registered in BEI in 2016 – 2018. This sample was 123 manufactures which was chosen by using stratified purposive sampling method. The research data analysis used double linier regression analysis and used SPSS. The result of partial analysis test showed that tax planning and audit quality did not affect toward timeliness reporting, but the audit opinion and leverage which were measured by debt to asset ratio (DAR), and profitability which was measured by return to asset (ROA) were proved affected on timeliness reporting. Simultaneous test result showed dependent variable simultaneously affected on tax avoidance.

**Keyword:** Tax Planning, Audit Quality, Audit Opinion, Leverage, ROA, Timeliness Reporting

### 1. Introduction

Audit is financial report cross-examination by public accountant company (Whittington, at all, 2012). Uthama (2016) stated that the longer the time needed in the audit process will give negative impact for the company. There are so many factors which affect the audit report lag or timeliness reporting in the reporting whether it was internal or external factor. Whittred (1980) stated that audit opinion and timeliness reporting are very related. The better statement or auditor opinion, the shorter time needed for audit process. Another factor affected the timeliness reporting is tax planned done by management. Suandy (2001: 7) said that tax planning is the first step in doing tax management.

Astriyana et,all (2015), in their research found that audit quality is positive on timeliness reporting, while tax planning variable is negative on timeliness reporting. Lee and Jahng (2008) stated that audit opinion with genuine statement without exception and audit quality with size KAP big four and non big four are significantly negative, the similar result was also found in Cahyati dan Anita (2019). Meanwhile, Syachrudin dan Nurlis (2018) said that audit opinion, profitability, solvability, and size KAP did not affect on audit delay, as said by Atmojo and Darsono (2017) along with Herawati (2015), Awaludin and Sawitri (2013), Waluyo (2017).

Wiryakriyana and Widhiyani (2017) with Prabowo and Warsono (2013) found empirical prove leverage is positive on audit delay. Research Suparsada and Putri (2017) said that auditor reputation affect positively, while profitability affect negative on audit delay. On the other hand, Suarsa and Nawawi (2017) stated that profitability and audit opinion affect on audit delay, yet solvability affect insignificantly. Moreover, Waluyo (2017) said debt ratio did not affect audit delay.

Apadore and Noor (2013), stated that profitability affect on audit report lag, while auditor type did not affect insignificantly. The same thing said by Owusu and Ansah (2000) that profitability affects significantly. Meanwhile, Herawaty (2015) proved ROA, debt ratio, and auditor opinion variable did not affect, but size KAP affect audit report lag. Whereas, Awaludin and Sawitri (2013) said DER and profitability affect on on-timed reporting.

Nurlis (2014) proved that leverage, industry type, company growth, EPS have impact on audit report lag. Hasan (2016) said KAP affect audit report lag. Furthermore, research by Ahmed and Ahmad (2016) found empirical prove that audit quality represented by big 4 companies have significant impact on audit report lag.

Based on previous study above, there are so many differences on empirical finding form each researcher, so the writer is interested in re-researching variables above. The writer tries to examine factors which affect timeliness reporting from various sides, they are tax, GCG and financial ratio because there is no tax in previous research.

Research Framework

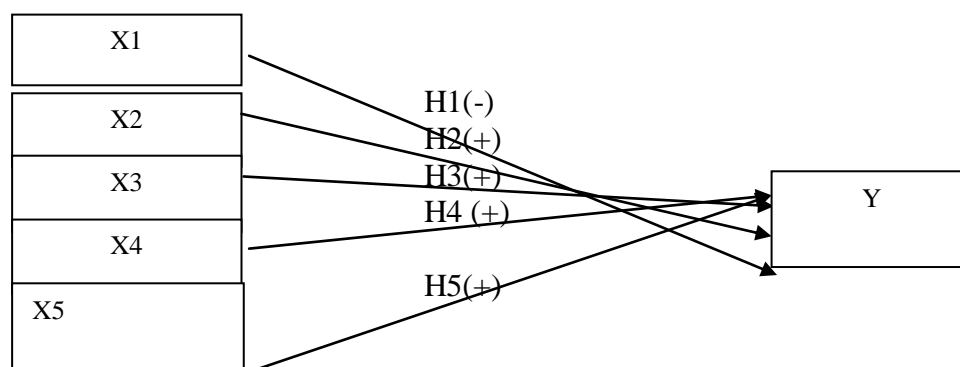


Figure 1. Research Model

- X1: Tax Planning
- X2: Audit Committee
- X3: audit Opinion
- X4: Leverage
- X5: Return On Assets

Research Hypothesis

H1=Tax Planning affect negative on Timeliness Reporting.

H2= Audit quality affect Timeliness Reporting.

H3= Audit opinion affect positive on Timeliness Reporting.

H4= Leverage affect positive on Timeliness Reporting

H5= ROA affect positive on Timeliness Reporting.

## 2. Metodology Research

### Research Type

This research type is basic-applied research using quantitative deductive research paradigm. Based on the problem characteristics, this research is causal-comparative research, research type which examines cause-effect relation or more on where the data used are data based on fact of event.

### Method of Collecting Data

#### a. Source of Research Collecting Data

Source of this research is secondary data obtained via various sources such as Indonesian Stock Exchange (IDX) and Indonesian Capital Market Diectory (ICMD).

#### b. Technique of Collecting Data

Technique of collecting data used in this research is documentation via financial report data issued by manufacture company registered in BEI in 2016-2018.

Method of collecting data can be done by:

a. Manual exploration for printed form data.

b. Exploration using computer for electronic form data which is done by downloading the data from website BEI.

### Definition of Operasional Variable

Table. 3.1 Definition of Operasional Variable

Variable	Definition	Measuring
Timelinnes Reporting	Time given for finishing the financial report audit by auditor.	31 Dec until financial report signed
Tax Planning	Minimize tax by using valid gap regulation.	tax/profit before tax
Audit Quslity	KAP big Four is KAP affiliated with KAP Internasional	big four = 1 others = 0
Audit Opinion	Genuine opinion without exception and others given by an auditor	WTP = 1 others = 0
DAR	The ability of the company in accomplishing the duty.	Debt total/ total aktiva
ROA	Company ability in achieving profit	Net profit/ total aktiva

### Technique of Analysing Data

#### 1) Normality test

Normality test used to know if residual value is distributed normally or not. Good regression model is a model which has residual value distributed normally. (Ghozali, 2005: 15).

#### 2) Autocorrelation test

This test used to detect whether there is perfect correlation within observation member. The use test is Durbin Watson test. This test done by comparing DW (d) value with dt and du in Durbin Watson table with alfa = 0.05.

Uji ini untuk mendeteksi apakah terdapat korelasi yang sempurna antar anggota observasi. Uji yang digunakan adalah uji Durbin Watson. Pengujian ini dilakukan dengan membandingkan nilai DW (d) dengan dt dan du dalam tabel Durbin Watson dengan alfa = 0.05.

3) Multicollinearity test

This test examines whether in regression model was found correlation between free variable or its independence. There is no correlation between independent variable in good regression model. (Ghozali, 2005: 110).

4) Heteroscedasticity test

This text examines whether there is difference variance from one residual to another observance in regression model.

3. Hypothesis Test and Data Analysis

a. Technique data analysis used in this research are:

1) Statistic Descriptive Test

This analysis provides with statistic descriptive table which explain minimum value, and maximum value, mean, and standard deviation in every variable used.

2) Double Regression

Double regression is used for knowing whether research hypothesis was proved significantly or insignificantly with equation as follow:

$$Y = \alpha + x_1 + bx_2 + bx_3 + bx_4 + bx_5 + e$$

b. Hypothesis Test

1) Coefficient Determination Test ( $R^2$ )

This test is model test examining goodness-fit regression model. Coefficient determination ( $R^2$ ) on a point is used to measure how far the model ability measure the dependent variable model (Ghozali, 2005:141).

2) F Value Test

F test is done for knowing the meaning of the regression model result. If F- count value is bigger from F-table, or its significant level smaller than 5%, so this showed that  $H_0$  is rejected and  $H_a$  is accepted.

3) t Value Test

Individual significant parameter test or t-test basically showed how big the impact of independent variable individually in elaborating independent variable variation. If significant level produced smaller than 0,05 or 5%, so  $H_0$  is rejected and  $H_a$  is accepted, as well as the reverse.

3. Result

a. Statistic Descriptive

Statistic Descriptive Analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Tax-P	123	-1,5583	1,7065	,230331	,3276598
Kua-Au	123	0	1	,32	,467
Op-Au	123	0	1	,93	,261
DAR	123	,0017	2,5175	,481646	,3710871
ROA	123	-,4000	,4740	,038591	,1046444
Time-R	123	31	118	78,89	15,986
Valid N (listwise)	123				

The result of statistic descriptive with sum of sample (n) is 123.

b. Classic Assumption Test

1) Data Normality Test

Result from normality One-Sample Kolmogorov-Smirnov Test showed Asymp value. Sig in the amount of 0.168 are distributed normally because of Asymp. Sig  $0.168 > 0.05$

2) Autocorrelation Test

Result from Durbin Watson got value dl 1.5977 and du 1.7855 value DW 1.820 exist between du and 4-du or du 1.7855 and 4-du is 2.2145 and DW exist between du and 4-du, so data used in this model showed non-autocorrelation

3) Multicollinearity Test

Test result from each independent variable showed VIF value for double linier regression model located under 10 and tolerance value above 0.10, so can be assumed that multicollinearity did not happen.

4) Heteroscedasticity Test

Based on this test, signification value from each variable showed value above 0,05 so can be concluded that variable used were not heteroscedasticity.

4. Result of Research Hypothesis Test

a. Double Linier Regression Model

Double Linear Regression

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	55,243	3,951		13,982	,000
Tax-P	4,473	3,499	,091	1,278	,204
Kua-Au	-1,443	2,551	-,043	-,566	,573
Op-Au	19,664	3,371	,416	5,833	,000
DAR	15,145	2,744	,403	5,520	,000
ROA	-60,286	11,409	-,395	-5,284	,000

a. Dependent Variable: tax-av

The analysis result above can be elaborated as follow:

$$Y = \alpha + bX_1 + bX_2 + bX_3 + bX_4 + bX_5 + e$$

$$\text{Tax-Av} = 55,243 + 4,473\text{Tax-P} - 1,443\text{K-Aud} + 19,664\text{Op-Aud} + 15,145\text{DAR} - 60,286\text{ROA}$$

b. Hypothesis Test Result

Signification Parameter Simultaneous

## Result of F test

ANOVA<sup>b</sup>

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	14225,152	5	2845,030	19,638	,000 <sup>a</sup>
Residual	16950,474	117	144,876		
Total	31175,626	122			

a. Predictors: (Constant), ROA, DAR, opini audit, tax planning, komite audit

b. Dependent Variable: Time Report

F test showed that  $F_{\text{count}}$  value is 19,638 bigger than  $F_{\text{table}}$  as 2.529 with signification value about 0.000 smaller than 0.05, so, it can be inferred that independent variable simultaneously can affect dependent variable, Time Reporting (Time-R).

## Signification Parameter Individual (t test)

Table 4.8 Summary of t Test

Model	t hitung	t tabel	Sig	Conclusion
1. Constant	13.892	1.97944	,000	
Tax-P	1,278	1.97944	,2004	Unsupport
K-Aud	-,566	1.97944	,573	Unsupport
Op-Aud	5.833	1.97944	,000	Support
DAR	5.520	1.97944	,000	Support
ROA	-5.284	1.97944	,000	Support

Dependent Variable Time Reporting.

## 5. Analysis and Discussion

## a. Tax Planning on Time Reporting

Tax Planning variable on Time Reporting in this research was found unsupport, which can be concluded that the existence of act and behaviour tax planning do not affect the time needed for auditing process or checking financial report of such company. Tax planning is action done by management of the company so that the amount of tax paid to the government is not too big.

This tax planning act done by planning the tax payment does in the first period. Thing to do is to seek for gap tax regulation which was valid in Indonesia. The gap here is profitable tax obligation so that the amount paid tax is appropriate as desired.

Tax planning action is a common thing done by the company, this might happen because tax payment principle in Indonesia use self assessment principle, that is the principle which gives concession for tax obligation to count and pay their tax. If the paid tax is considered as genuine or appropriate so tax official will not question it, but if it is found indication of such deviation, it will be held checking from tax office. The result of this research is not apt with the result by Astriyana (2017) which state that tax planning affect negative on time reporting.

## b. Audit Quality on Time Reporting.

Audit quality variable (K-Aud) in this research proved unsupport on time reporting. Audit quality in this research was measured using two groups from Accountant Public Office (KAP), that is KAP big four and KAP non big four. KAP big four is KAP

affiliated with KAP which has international connection with Deloitte Touche Tohmatsu, Pricewaterhouse Coopers, Ernst & YoungErnst & Young, and KMPG in Indonesia.

Audit quality in big four and non big four category has similar work order, because audit service they give uses the same financial standard. Basic competency had by an auditor also has same standard that is has competency in doing check-up. Process of audit duty in a company is made work planning and certain contract so that an auditor cannot repeatedly extend decisive time, and if reach over the decisive time can cause financial loss because work time over which usually there is no more tip from the client.

The result in this research is different from the finding by Lee dan Jahng (2008), Suparsada and Putri (2017) but it appropriate with research by Syachrudin and Nurlis (2018) which stated that audit quality did not affect on audit delay.

c. Audit Opinion on Time Reporting

Audit Opinion is opinion given by an auditor whether reported financial report apt with valid certainty. Whether those certainty materially apt to standard of financial accountancy in Indonesia. The financial report which is reported by company and has been appropriate to valid SAK, an external auditor will easily and quickly identify if there is error in the reporting.

Genuine opinion without exception (WTP) indicates that financial report reported by management team has fulfilled such rules determined in SAK. The result of this research proved that audit opinion affect on time reporting.

The findings are appropriate with finding by Cahyati and Anita (2019), Suarsa and Nawawi (2017) which stated that audit opinion affect on time reporting. But, this result did not support the research done by Syachrudin and Nurlis (2018) stating that audit opinion did not affect on audit delay.

d. Debt to Assets Ratio (DAR) on Time Reporting

This research result proved that Debt to Assets Ratio (DAR) variable affect on Time Reporting (Time-R) which means the size of Debt to Assets Ratio (DAR) variable value will affect the time needed for reporting the financial report. The high Debt to Assets Ratio (DAR) value indicates debt company dominates the operational budgeting of company. The high debt needs carefulness and precision in financial reporting.

These carefulness and precision has relation on exactness in reporting debt total, interest fee, or total credit. If the big debt total with much credit is done with confirmation debt, so there will need long time. It is better if the low debt compares to asset, so the time for checking in the company do not need long time.

This result proved that Debt to Assets Ratio affect on Time-Reporting and similar to research conducted by Prabowo and Warsono (2017), and also research by Awalludin and Sawitri (2013). Their research stated that solvability affect on audit delay.

e. Return On Assets (ROA) on Time Reporting

Return On Assets (ROA) the ability of company in getting profit from a number of assets used for operating the company. The size of ROA in this research affect on Time Reporting (Time-R). The high ROA indicates the good company performance and the vice versa.



The good company performance measured with high ROA needs enough time to verify if the result already apt to the real situation, as well as high ROA also encourages company to be able reports their financial report to the public as soon as possible. The faster this good news reported to public, the better it is, this thing can encourages new investors to invest their fund by buying company share which was sold in stock market.

Investors hope they will get profit from their investment in those companies by buying company's shares. Companies who have good performance which was showed from ROA ratio can increase share price in stock market. This finding is similar to research by Prabowo and Warsono (2017), Awalludin and Sawitri (2013), and by Owusu and Ansah (2000). Their research showed that profitability measured by ROA affect on audit delay.

#### 4. Conclusion

- a. Tax Planning (Tax-P) variable did not affect on Time Reporting (Time-R) variable which meant the existence of tax planning action did not affect time reporting.
- b. Audit quality (K-Aud) variable measured by the size of such KAP big four or non big four in this research was proved unaffected on Time Reporting (Time-R), this meant that the checking time for auditing until reporting done by KAP big four or non big four are the same.
- c. Audit opinion (OP-Aud) variable in this research was proved affect on Time Reporting (Time-R), which can be elaborated that if the financial report is genuine without exception, so Time Reporting (Time-R) will be short in time.
- d. Debt To Assets Ratio (DAR) variable on Time Reporting (Time-R) in this research showed affected on Time Reporting (Time-R) which meant the size DAR value will affect Time Reporting (Time-R).
- e. Return On Assets (ROA) variable on Time Reporting (Time-R) in this research was proved affect which meant the size of ROA value will affect the reporting duration.

##### Limits

This limits is this research cannot prove empirically the effect of Tax Planning variable and Audit Quality variable on Time Reporting

##### Recommendation

Based on the limits elaborated above, so the writer suggests to:

The next research can be done with adding observation year so it can be proved that tax planning variable and audit quality affect Time Reporting (Time-R).

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