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Research Article

Exploring the Impact of Earnings Management and Tax Planning on Book-Tax Differences in Mining Companies

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Abstract: This study aims to examine the effect of earnings management and tax planning on book-tax differences in public mining companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period. The data was obtained from the financial statements and annual reports published by the IDX. A quantitative approach was employed to assess the impact of earnings management and tax planning on book-tax differences. Secondary data, in the form of financial statements for the 2017-2021 reporting period, was gathered using purposive sampling from the Indonesia Stock Exchange website (www.idx.co.id). Out of 47 listed mining companies, 15 met the criteria and were selected as the sample. Data analysis was conducted using SPSS. The results revealed that earnings management has a significant positive effect on book-tax differences, while tax planning does not have a significant impact. These findings have important implications for company management in effectively managing book-tax differences and minimizing potential risks associated with discrepancies between financial statements and tax reports. Additionally, the study underscores the importance of considering the specific tax regulations and context of each country or region, as differing tax rules can influence how earnings management and tax planning affect book-tax differences.

Keywords: book tax differences; earnings management; tax planning

1. Introduction

Book-Tax Differences (BTD) refer to the discrepancy between the amount of income or expenses reported in a company's financial statements and the amount reported for tax purposes. This difference can arise due to various factors, such as differing accounting treatments, asset and liability valuations, and mismatches between expenses recognized for accounting purposes and those deductible for tax purposes. Book-tax differences are a significant issue for companies, as they can impact both tax liabilities and net profits. In some cases, these differences can lead to disputes with tax authorities, potentially resulting in significant penalties and interest.

Previous research indicates that book-tax differences remain a significant challenge for companies. A study by PwC (2015) revealed that nearly half of companies worldwide experienced book-tax differences in 2014, with 68% of those companies reporting discrepancies of more than 10% between their financial statements and tax calculations. More recent research by KPMG (2020) found that 76% of 800 respondents worldwide reported experiencing book-tax differences in 2019. This research further shows that these differences can have a substantial impact on a company's net profit and create considerable tax risks.

In summary, book-tax differences are a significant issue for companies, as they can affect tax liabilities and net profits. Therefore, companies need to be vigilant about ensuring

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that their financial statements and tax calculations comply with applicable legal and regulatory requirements.

Hanlon, M. & Heitzman, (2010), state that book tax differences can have a significant impact on corporate investment decisions. This study found that companies with greater book tax differences tend to reduce investment and make fewer acquisitions, which can reduce firm value. Research by (Chen et al., 2012) suggests that book tax differences may provide false signals to investors about company performance. This study found that companies with greater book tax differences tend to have lower stock returns and fewer positive assessments from financial analysts. The study by Blaylock et al., (2015) shows that book tax differences can have an impact on corporate tax risk. This study found that companies with greater book tax differences tend to have higher tax risk, which can result in significant tax penalties and interest. Research by Makki et al. (2015) shows that book tax differences can affect corporate tax decision making. This study found that companies with greater book tax differences tend to take greater tax risks and use more aggressive tax planning practices. Recent research by EY (2021) shows that book tax differences remains a significant issue for companies around the world. The study found that 78% of more than 800 respondents reported that they experienced book tax differences in 2020, and almost half of the respondents reported that book tax differences had affected their company's business decisions. Factors that can affect book tax differences according to previous research include earnings management and tax planning.

Earnings management is a practice undertaken by companies to selectively manage their financial statements so as to influence investors' or creditors' perceptions of company performance. In the context of book book differences (book tax differences), earnings management can affect the amount of book tax differences reported by the company. Research shows that earnings management can be a significant factor in influencing the amount of book tax differences. For example, a study by Wilson and Jones (2017) found that companies that conduct earnings management to increase earnings in financial statements tend to have greater book tax differences. This study suggests that companies may use more conservative accounting treatments on their financial statements to understate earnings and reduce book tax differences, or conversely, use more aggressive accounting treatments to overstate earnings and increase book tax differences. In addition, research by Zoutman et al. (2018) shows that earnings management can affect the selection of tax calculation methods and tax avoidance. This study found that companies that carry out earnings management tend to use tax calculation methods that increase book tax differences and avoid taxes.

However, it is important to remember that book tax differences can be caused by other factors besides earnings management, such as differences between accounting principles and tax regulations applicable in different countries or regions. Therefore, companies need to pay attention to all factors that can affect book tax differences and ensure that their financial statements and tax calculations are in accordance with applicable legal and regulatory requirements. Some other studies that show the influence between book tax differences and earnings management include those conducted by Kasipillai and Mahenthiran (2013) who state that companies that carry out earnings management tend to have greater book tax differences. This study found that companies that use more aggressive earnings management practices tend to have a larger difference between accounting income and tax income. The study by Krishnan and Yu (2015) shows that earnings management can affect the amount of book tax differences and also the consistency of its measurement from year to year. This study found that companies that engage in earnings management tend to have a larger difference between accounting income and tax income, as well as a larger difference in book tax differences measurement from year to year. Research by Pae et al. (2019) shows that earnings management can affect tax avoidance and also the amount of book tax differences. This study found that companies that engage in earnings management tend to use more aggressive tax avoidance practices and have a larger difference between accounting income and tax income. In general, these studies show that earnings management can affect the amount of book tax differences and also the consistency of its measurement from year to year. Therefore, companies need to pay attention to their earnings management practices and ensure that their financial statements and tax calculations are in accordance with applicable legal and regulatory requirements.

Although the majority of studies show an effect between earnings management and book tax differences (book tax differences), there are also several studies with conflicting results. Research by Barker et al. (2019) shows that earnings management has no significant effect on the amount of book tax differences. This study examines companies in New Zealand and finds that earnings management practices have no significant effect on the difference between accounting income and tax income reported by companies. The study by Wier et al. (2017) shows that earnings management can reduce the amount of book tax differences. This study examined companies in Europe and found that more conservative earnings management practices can reduce the difference between accounting income and tax income reported by companies. In this case, conflicting research results may be caused by differences in research methodology, company samples, or regulatory environments in different countries. Therefore, it is necessary to conduct further research to reveal more about the relationship between earnings management and book tax differences.

Another factor that can affect book tax differences is tax planning. Tax planning is an attempt by companies to manipulate their tax structure in order to minimize tax burden and maximize income. This can affect the amount of tax income reported by the company, and in turn, can affect the amount of book tax differences. Companies can carry out tax planning through various means, such as utilizing tax incentives, allocating tax expenses to locations that have lower tax rates, or using different accounting methods for accounting and tax purposes. In some cases, companies may even manipulate their corporate structure or move their assets to countries with lower tax rates to reduce their tax burden.

Several studies have been conducted to examine the effect between tax planning and book tax differences (book tax differences). Kim et al. (2019) conducted a study on the effect between tax planning and book tax differences in South Korea. The results show that tax planning practices can affect the size of book tax differences, and companies that carry out aggressive tax planning have greater book tax differences. The study by Hanlon et al. (2014) examined the effect between tax planning and book tax differences in companies listed in the United States. The results showed that companies that carry out more aggressive tax planning tend to have greater book tax differences. Research by Frischmann et al. (2020) examined the effect of tax planning on book tax differences in German companies. The results show that companies that carry out more aggressive tax planning have greater book tax differences, while companies that carry out conservative tax planning have smaller book tax differences.

Conflicting research results on the effect of tax planning on book tax differences (book tax differences) are also provided by previous studies. The study by Tang et al. (2015) examined the effect between tax planning and book tax differences in Chinese companies. The results show that companies that conduct more aggressive tax planning tend to have smaller book tax differences. Research by Weber et al. (2018) looked at the effect of tax planning on book tax differences in German companies. The results show that there is no significant relationship between tax planning practices and book tax differences in these companies.

This study is novel compared to previous research because it is conducted in a different context, such as specific countries, industries, and time periods. These contextual factors may influence the factors that affect book-tax differences and provide new insights into this issue within a particular setting. Research on the impact of earnings management and tax planning on book-tax differences makes an important contribution to understanding the relationship between these factors and book-tax differences, as well as their implications for corporate financial statements.

From the perspective of earnings management, the research can help reveal the practices companies use to manage their profits and influence book-tax differences. It can also identify the factors that affect the relationship between earnings management and book-tax differences. The findings of this study can assist regulators, investors, and other decision-makers in assessing a company's earnings management practices and their implications for the quality of financial statements.

In the context of tax planning, the research can shed light on how companies implement tax planning strategies to influence book-tax differences. It can also identify the factors that affect the relationship between tax planning and book-tax differences

2. Preliminaries or Related Work or Literature Review

Theories that can explain matters related to book tax differences (book tax differences) are Positive Accounting Theory, Signaling Theory, Agency Theory. Positive Accounting Theory states that company managers will take action to maximize profits and the value of the company's shares. One way to do this is to take advantage of the difference between accounting policies and tax regulations to reduce tax payments. According to research by Hanlon and Heitzman (2010), corporate managers tend to take advantage of differences between accounting policies and tax regulations to reduce tax payments and create higher book tax differences. However, they found that this depends on the size of the firm and the tax environment in which the firm operates.

Signaling Theory states that company managers will choose to take actions that can provide positive or negative signals about the company's financial condition. book tax differences can provide positive or negative signals about the company's financial condition, depending on whether the company utilizes the difference between accounting policies and tax regulations to reduce tax payments or not. According to research by Hanlon and Slemrod (2009), companies that utilize differences between accounting policies and tax regulations to reduce tax payments tend to have higher book tax differences, which can provide a negative signal about the company's financial condition. Agency Theory states that there is an agency relationship between company managers as agents and shareholders as principals. Company managers will seek to maximize their own profits and interests, while shareholders will seek to maximize company profits. book tax differences can be a source of conflict in this agency relationship, because company managers can take advantage of differences between accounting policies and tax regulations to influence the company's financial statements and company profits. According to research by Chen et al. (2010), company management that has a greater interest in the company tends to take advantage of differences between accounting policies and tax regulations to create higher book tax differences and influence the company's financial statements. Scott (2015) explains that managers in an effort to get compensation will make various efforts to show an increase in net income through accounting policies. This will eventually lead to earnings management actions taken by managers. Both principals and agents have a bargaining position. Principals as owners of capital have access rights to internal company information, while agents who carry out company operations have information about the real and comprehensive operations and performance of the company, but agents do not have absolute authority in decision making, let alone strategic, long-term and global decisions (Ngo & Le, 2021).

2.1 Earnings Management

Earnings management is a mirror of a manager's opportunistic behavior by carrying out certain mechanisms that result in information being of poor quality. Managers will carry out earnings management by manipulating these accruals to achieve the desired level of income (Nelwan & Tansuria, 2019). Earnings management is usually measured using the value of discretionary accruals (DAC). Discretionary accruals are a component of accruals that can be adjusted and engineered in accordance with managerial discretion. Signal theory is one of the widely embraced theories, suggesting that earnings management can function as a positive signal to investors that a company is performing well. This is especially true if the company meets or exceeds earnings expectations. However, if earnings management practices are detected, it can diminish the level of investor trust. In agency theory, earnings management can also arise due to conflicts of interest between company management and shareholders. Management may seek to maintain or increase their compensation, while shareholders want to see higher profits to enhance stock value. Earnings management practices can help alleviate this conflict.

Companies may engage in earnings management in response to government regulations or policies, such as tax rules favoring lower profits. Various earnings management techniques are employed by companies to manipulate accounting treatments, such as shifting revenues or costs from one period to another or conducting acquisitions to alter cost structures. Views and explanations of earnings management can vary among researchers. Some researchers may view it as a rational response by companies to market conditions and regulations, while others may criticize it as a practice detrimental to the interests of shareholders and the broader public.

2.2 Tax Planning

In general, tax planning (book planning) can be defined as the process of organizing the taxpayer's business in such a way that tax debts, both income tax and other taxes, are in a lower position. As long as this is possible both by the applicable tax provisions and regulations. There is nothing in the law that prohibits someone from doing a tax management, which aims to minimize tax payments. Tax planning serves to estimate the amount of future taxes and perform tax efficiency not only by avoiding taxes but also avoiding sanctions for errors and omissions in the implementation of tax obligations. Tax planning is the process of strategizing and organizing a company's or individual's finances with the goal of minimizing tax liabilities in a legal and effective manner. This involves managing assets, transactions, and corporate structures while considering their tax implications. Tax planning can be carried out through various means, such as selecting the appropriate business structure, leveraging tax incentives, managing income and expenses, and making tax-efficient investments. Several studies on tax planning explore various aspects, including corporate strategies for managing tax obligations, the impact of changes in tax regulations on business decisions, or analyses of how companies optimize their corporate structures and transactions to be more tax-efficient.

2.3 Book-Tax Differences

Differences between accounting profit and tax profit (book-tax differences) based on tax provisions are divided into positive fiscal corrections and negative fiscal corrections, while in the Financial Accounting Standards (PSAK 46), these differences are divided into temporary differences and permanent differences. The process of adjusting accounting profit to fiscal profit is also called fiscal reconciliation, which involves positive fiscal correction and negative fiscal correction. Positive fiscal corrections are corrections that result in an increase in the amount of Taxable Income, for example, the addition of income and the reduction of expenses. Negative fiscal corrections are corrections that result in the amount of Taxable Income decreasing, i.e. reduction of income and addition of expenses. Book-tax differences refer to the disparities between the recording methods of transactions and the tax calculations utilized by a company. These differences entail variations in the amounts of income, expenses, assets, or liabilities reported in a company's financial statements and those used in the tax calculations submitted to the tax authority. A company might recognize income or expenses in its accounting records during a specific period, but these may not be acknowledged in the same way in the tax calculation. For instance, a company may recognize income in its financial statements in a given year, but due to specific tax rules, this income might be recognized in a different tax period.

Disparities can also arise in the valuation of assets and liabilities. The value of assets used in financial statements (such as through a particular depreciation method) may differ from the value of assets used in tax calculations (for example, based on tax regulations). This can result in differences in the amount of tax payable. Changes in tax regulations can also lead to discrepancies between accounting records and tax calculations. If tax rules change, a company may need to adjust its recording methods to comply with these changes, which can lead to disparities in the final outcomes.

2.4 Research Framework

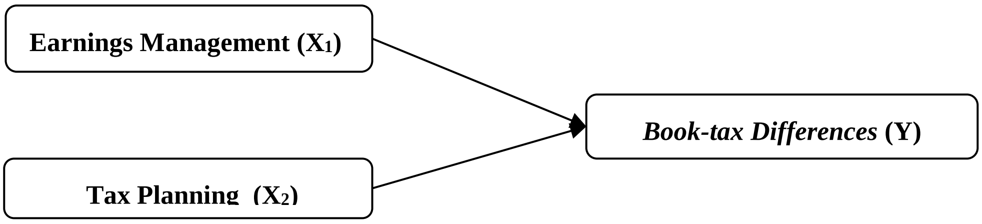

Figure 1. Research Framework

Based on the literature review and research model above, the research hypothesis can be formulated as follows:

H1: Earnings management has a positive effect on book-tax differences

H2: Tax planning has a positive effect on book-tax differences

3. Proposed Method

This research was conducted using a quantitative approach which aims to determine the effect of earnings management and tax planning on book-tax differences. This study uses secondary data in the form of financial statements of mining companies for the reporting period 2017-2021. Data obtained through the Indonesia Stock Exchange website www.idx.co.id based on purposive sampling technique. This technique requires the criteria set by the researcher. These criteria are mining industry companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period that have complete data. Of the 47 mining companies listed, 15 companies can be used as samples because they meet these criteria. Data analysis was carried out using SPSS. The variables used in this study can be summarized in the following table:

Table 1. Summary of Variable Operationalization

Variable	Formula
Book-Tax Difference	book tax differences = (Commercial Profit – Taxable Profit) total assets at beginning of year
Earnings Management	Dechow (1995): *TACCit/TAt-1 = á0(1/TAt-1) + á1(ΔREVit + ΔRECit)/TAt-1 + á2PPEit/TAt-1 + eit* TACCit : total accruals of company i in period t ΔREVit : company i's revenue in period t minus revenue period t-1 ΔRECit : trade receivables (net) of company i in period t minus trade receivables (net) period t-1 PPEit : fixed assets (gross) of company i in period t TAt-1 : total assets of company i in period t-1
Tax Planning	Book Retention Rate (TRR)= *Net Income it* *Prebook Income* (EBIT) it

3.1 Multiple Regression Analysis

Multiple regression analysis is used to determine the effect between the independent variables in influencing the independent variables together or partially. The design used in this study is as follows:

book tax differences = b0 + b1EM + b2TP + eit

Dimana :

b0, b1, b2: intercept

book tax differences : book-tax differances

EM : Earnigs Management

TP : Tax Planning

eit : error

4. Results and Discussion

4.1 Descriptive Statistics

Descriptive statistical analysis is carried out to determine the description of the data processed inthe criteria for minimum, maximum, mean and standard deviation data whose results can be presented:

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Earnings Management	75	-.12678	2.95443	.6728365	.83623307
Tax Planning	75	.144	9.703	1.32336	1.556587
Book Tax Difference	75	-.082	.179	.06880	.068564
Valid N (listwise)	75				

Source: data processed, 2022.

The results of descriptive statistics from the processed observational data indicate that the variable earnings management has a minimum value of -0.12678 and a maximum value of 2.95443. The variable tax planning in this study yields minimum and maximum values of 0.144 and 9.703, respectively. As for the book tax difference variable, it has a minimum value of -0.082 and a maximum value of 0.179.

4.2 Multiple Linear Regression Model

Table 3. Output Regression

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.031	.011		2.792	.007
	Earnings Management	.140	.008	.488	4.795	.000
	Tax Planning	.008	.004	.192	1.888	.063

a. Dependent Variable: Book Tax Difference

To determine the amount of simultaneous influence given by the two independent variables (earnings management and tax planning) on the book tax difference, it is necessary to test the coefficient of determination, the results of which are presented:From the test results shown in table 3, the multiple linear regression model is obtained as follows: book tax differences = 0.031 + 0.140 EM + 0.008 TP + e. The t value of earnings management is 4.795 and the significance is 0.000. This shows that the hypothesis can be accepted because t count 4.795> t table 1.993 and t test sig 0.000 <0.05, which means that earnings management partially has a positive effect on the book-tax differences of mining companies listed on the Indonesia Stock Exchange in 2017-2021. The t value of tax planning is 1.888 and the significance is 0.063. This shows that the hypothesis is rejected because t count 1.888 < t table 1.993 and t test sig 0.063> 0.05, which means that tax planning has no effect and is not significant on book-tax differences of mining companies listed on the Indonesia Stock Exchange in 2017-2021.

4.3 Coefficient of Determination

To determine the amount of simultaneous influence given by the two independent variables (earnings management and tax planning) on the book tax difference, it is necessary to test the coefficient of determination, the results of which are presented:

Table 4. Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.509[a]	.359	.238	.059838	1.956

a. Predictors: (Constant), Tax Planning, Earnings Management
b. Dependent Variable: Book Tax Difference

Source: data processed, 2022.

Table 4 presents an R Square value of 0.359. This figure shows that the independent variables of earnings management and tax planning have an ability of 35.9% in explaining variations in the independent variable book tax difference. The remaining 64.1% of the book tax difference in mining companies is explained by other variables not examined.

The first hypothesis, which states that earnings management has a positive effect on book-tax differences, is supported by the findings of this research. Earnings management is a practice employed by companies to influence financial reporting with the aim of presenting better performance than the actual results. This can be achieved through various methods, such as delaying expense recognition, accelerating revenue recognition, or engaging in special transactions that boost short-term profits.

One way earnings management can positively impact book-tax differences is by creating a discrepancy between the financial statements prepared for accounting purposes (book) and those used for tax calculations (tax). These differences allow companies to reduce the taxes they need to pay. By creating larger book-tax differences, companies can lower their effective tax burden and increase their short-term profits.

However, it is important to note that extensive and unethical earnings management practices can lead to serious legal and reputational consequences. Therefore, earnings management should be carried out carefully and in accordance with applicable accounting standards.

Some studies have stated that there is a positive correlation between earnings management practices and book tax differences. The research conducted by Chen, C., Chen, S., Hsu, A. H., & Su, W. (2021), Hong, J., & Lee, W. J. (2020), Jia, Q., Wu, J., & Lin, K. Z. (2019), Kamal, A., Khan, M. M., & Bhatti, K. H. (2018) provides evidence that earnings management has an impact on book tax differences. Earnings management can impact financial statements in several ways. Earnings management refers to the practice of manipulating financial results to achieve a desired outcome, such as inflating reported earnings or smoothing earnings over time. While there may be legitimate reasons for managing earnings, it becomes a concern when it involves unethical practices or is done to mislead stakeholders. Here are some ways earnings management can impact financial statements. Manipulated Revenue Recognition; Companies may recognize revenue prematurely or delay revenue recognition to influence reported earnings. For instance, recognizing revenue from a sale before the transaction is complete or booking fictitious sales can inflate reported earnings. Shifting Expenses; Companies may defer or capitalize expenses rather than recording them immediately, which can lead to higher reported earnings in the current period and lower earnings in future periods. Overstated Assets: Earnings management can lead to an overstatement of asset values, such as inflating the value of inventory, investments, or fixed assets. This can result in higher reported earnings due to lower expenses or higher asset turnover ratios. Understated Liabilities; Companies may understate liabilities, such as reducing reserves or not recognizing contingent liabilities, to boost current earnings. This can lead to an artificial increase in reported earnings. Reserves and Provisions; Earnings management can involve manipulating reserves and provisions. For example, companies may create excessive or inadequate reserves to affect future earnings.

It's essential to note that earnings management practices are generally discouraged and can have serious consequences for companies and their stakeholders. Regulators, auditors, and investors closely monitor financial statements to identify signs of earnings management and ensure compliance with accounting principles and reporting standards. Transparent and accurate financial reporting is critical to maintaining trust and confidence in a company and its management.

The second hypothesis, which states that tax planning has a positive effect on book tax differences, could not be proven in this research. It is essential to understand that tax planning and book-tax differences are two distinct concepts. Tax planning involves a company's efforts to optimize its tax position legally and ethically by utilizing existing tax regulations to legitimately reduce its tax burden. On the other hand, book-tax differences refer to the discrepancy between the earnings reported in financial statements (book income) and the earnings used in tax calculations (tax income).

Tax planning can be carried out by utilizing existing tax regulations or implementing efficient tax strategies. However, there are several reasons why tax planning does not always affect book tax differences. One reason is that financial statements are generally prepared based on the accrual accounting principle, where revenue and expenses are recognized when transactions occur, regardless of cash receipts or payments. In contrast, taxation may be based on either a cash or accrual basis, depending on the tax regulations in a specific country. This discrepancy can cause differences in the timing of revenue and expense recognition between financial statements and tax calculations.

The different accounting and tax treatments can also be the reason why there is no influence between tax planning and book tax differences. Some accounting and tax regulations treat transaction elements or assets differently. For instance, there may be specific rules governing the recognition of revenue from long-term contracts in accounting standards, while tax regulations may have different requirements for recognizing revenue from the same type of transaction. As a result, the discrepancies in the accounting and tax treatments for certain transaction elements can cause differences between book income and tax income.

Another factor is the difference in the use of tax methods. Companies may employ different tax methods for tax calculations, such as cash basis or accrual basis. Additionally, there are specific tax regulations, such as incentives or certain tax deductions, which may not exist in accounting standards. Some companies may choose the cash basis tax method, where revenue and expenses are recognized when cash is received or paid. Meanwhile, the accrual basis tax method recognizes revenue and expenses when the transaction occurs. The variation in tax methods can lead to discrepancies between book income and tax income.

Exactly, the presence of tax incentives and tax deductions is another reason. Sometimes, governments provide specific tax incentives or tax reductions to encourage companies to undertake certain investments or activities. These tax incentives or deductions can cause a difference between book income and tax income because companies can take advantage of these special tax benefits. Furthermore, some companies may have their own tax policies that differ from their accounting policies. For example, a company may choose to record expenses earlier in their financial statements while using tax deductions applicable to record expenses at a later time in tax calculations.

In practice, tax planning can indeed impact book tax differences if done cleverly and legally. However, it's important to note that manipulating earnings or using unethical tax practices can lead to legal issues and reputational risks for the company. Therefore, tax planning should be carried out carefully and in compliance with applicable tax regulations.

5. Conclusion, Suggestion And Limitation

Based on the research conducted, there is a significant influence between book-tax differences and earnings management. The results show that earnings management can be used to reduce book-tax differences through adjustments to earnings and expenses in the financial statements. However, the research on the effect of tax planning on book-tax differences remains inconsistent. Some studies suggest that tax planning can help companies reduce book-tax differences, while other studies show the opposite. Nevertheless, these studies provide important insights into how companies can utilize tax planning and earnings management in managing book-tax differences.

Research on book-tax differences is crucial for companies and related parties because the gap between tax values and accounting values can impact the company’s financial position and performance. Therefore, company management must pay attention to book-tax differences and consider appropriate tax planning strategies to manage them effectively.

The conclusion of the research on the influence of earnings management and tax planning on book-tax differences can vary depending on the context and research methodology used. The research indicates that earnings management practices can affect book-tax differences. Companies that engage in earnings management tend to recognize revenue or delay expense recognition in their financial statements to report higher profits. However, these practices may not always lead to corresponding changes in tax calculations, resulting in discrepancies between book income and taxable income.

The findings of this research also emphasize the importance of considering the context and tax regulations in a specific country or region. Each country has different tax rules and regulations, which can influence how earnings management and tax planning impact book-tax differences. The results of this research have practical implications for companies and stakeholders. Company management needs to understand the impact of earnings management and tax planning practices on book-tax differences and make ethical decisions in accordance with tax laws. Stakeholders such as investors, creditors, and regulators should consider book-tax differences when analyzing the financial performance and risks of the company.

In conclusion, research on the influence of earnings management and tax planning on book-tax differences is a complex issue that requires a deep understanding of context and tax regulations. Earnings management and tax planning practices should be carried out carefully and in compliance with applicable tax rules to ensure legal compliance and ethical reporting.

As with other studies, this study also has several limitations that need to be considered. First, this study only uses data from public companies in the mining sector listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period. Therefore, generalizing the results to different companies or time periods should be done with caution. Second, this study focuses only on the effect of earnings management and tax planning on book-tax differences and does not consider other factors that may affect book-tax differences, such as industry characteristics and macroeconomic factors. Third, this study uses only two independent variables—earnings management and tax planning. Future research could consider other factors that influence book-tax differences, such as company size, leverage, and profitability.

Additionally, this study employs a descriptive approach and regression analysis. Future research might consider other methodologies, such as causality analysis and qualitative analysis, to explore the factors influencing book-tax differences in more depth. Nonetheless, this study makes a valuable contribution to broadening the understanding of book-tax differences and their influencing factors, offering essential insights for company management to effectively manage these differences.

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