

### *Abstract*

*This research's objective is to examine the influence of accounting choice on R&D and R&D cost to companies' profitability. The proxies of profitability are Return on Asset (RoA) and Price Earning Ratio (PER). Samples of this research are manufacturing companies listed on Indonesia Stock Exchange (IDX) in 2011-2013 period. Purposive sampling is used as a sampling method and there are 16 companies ( 48 data) acquired. Meanwhile, multiple linear regression with dummy variable is used as statistical analysis technique. The result shows that accounting choice on R&D and R&D cost influence both simultaneously and partially companies' profitability.*

*Keywords: Innovation, Accounting Choice, R&D, Profitability*