

## **ABSTRACT**

Earning persistence is a component of Earning quality. This research aims to determine the effect of book tax differences and operating cash flow toward earning persistence. Book tax differences variable is projected with permanent difference and temporary difference variable because of the differences between accounting and fiscal policy. The population in this study are food and beverage sub sector manufacturer companies listed on Indonesia stock exchange during 2010 to 2014. The sample selection technique used is purposive sampling and 15 companies that are included within five-years period in order to get 75 samples were observed. The method of data analysis used in this research is panel data regression using the software Eviews 8.0. The results showed that the Permanent Differences, Temporary Differences and Operating Cash Flow have simultaneously significant effect on earning persistence. While partially Permanent Difference, Temporary Difference did not have any affect on Earning Persistences and Operating Cash Flow significantly affects the Earning Persistence in a positive direction. Based on the results, beside using Earnings, investors and other parties can use operating cash flows as an alternative to evaluate the performance of the company.

**Keyword :** *Book Tax Differences, Permanent Differences, Temporary Differences, Operating Cash Flows, Earning Persistences*