

## **ABSTRACT**

*Economic event is one of the factors that can affect the condition of capital markets. Tax Amnesty law ratification is one economic event that is potentially affect market participants. Event study looked at the information announcement effect the security prices that is closely related to how fast an entry of an information may be reflected in stock prices. The measurement of market reaction could be seen from abnormal return, trading volume activity and trading frequency.*

*This study aims to analyze the differences of abnormal return, trading volume activity and trading frequency before and after tax amnesty law ratification with event study approach for 5 day before and 5 days after the event.*

*Data that used in this research is secondary data consist of daily stock close price, number of traded shares, listed shares and daily trading frequency of LQ45. Model that used to estimate the expected return on the abnormal return is the market-adjusted model. The sampling method used is purposive sampling with total sample of 41 companies from LQ45 indeks of Februari-July 2016 observation periode. Data were analyze using paired sample t-test on the normal distribution of data and Wilcoxon test on data that are not normally distributed.*

*The result showed that there were no differences in abnormal return and trading volume activity of LQ45 groups before and after tax amnesty law ratification event. There are significant differences in trading frequency before and after tax amnesty law ratification event. This means that tax amnesty law ratification event contains information that can be absorbed by investors, but it does not look significantly in abnormal return and trading volume activity, whereas trading frequency show significant differences from the effect of tax amnesty law ratification event.*

*Keywords : Event Study, Tax Amnesty, Abnormal Return, Trading Volume Activity, Trading Frequency*