ABSTRACT

Income smoothing is one of the strategies designed to achieve a tax advantage, giving a good impression of the owners and creditors of management performance, reduce fluctuations in the reporting of income and reduce risk, generate profit growth is stable, and can also keep the position or their position in Related companies.

The aims of this research was tp prove the influence of firm size, debt to equity ratio and managerial ownership toward the income smoothing at manufacture companies on list in Indonesia Stock Exchange during 2012-2014.

Population in this study is the 134 manufacturecompanies on list in Indonesia Stock Exchange during 2012-2014. With purposive sampling method obtained sample of 46 companies. The hypotheses were tested using panel data regression.

Firm size measured by the natural logarithm of total assets, debt to equity ratio is measured by the ratio of total debt to total equity, and managerial ownership is measured by the managerial share compared with shares outstanding. Income smoothing was measured using Eckel index.

The results showed that simultaneous firm size, debt to equity ratio, and managerial ownership does not affect the income smoothing practices. While partially, managerial ownership a significant positive effect on income smoothing practices. While the size of the company and debt to equity ratio does not affect the income smoothing practices.

***Keywords**: Size Firm, Debt to equity ratio, managerial ownership,*

Smoothing earnings, total assets.