

ABSTRACT

Profit is the fundamental element that became a major concern by users of financial statements. Profit figures are expected to represent the overall performance of a company. Industry growth is well evident from the value of profits earned. The persistence of earnings is earnings revisions that reflect the quality of corporate profits and shows that the company can retain earnings over time. The profit can be persistent if the company can maintain its profit and / or increase profits. Earnings persistence is measured using Book Pre-Tax Income (PTBI), which changes the current year's profit before tax divided by total assets.

This study aimed to determine the effect of independent variables, book tax differences (proxied by the permanent differences and temporary differences), debt rank, and firm size the dependent variable is earnings persistence. The hypothesis in this study were tested using descriptive statistical analysis and panel data regression analysis using software Eviews 9.0. The population in this study is a mining company listed on the Indonesia Stock Exchange (BEI) 2011-2015 period. The method used for sampling is purposive sampling, the resulted is 11 samples of companies selected in five years. The total sample in this study as many as 55 samples.

Based on the results of this study showed a combination of variables book tax differences (proxied by the permanent differences and temporary differences), debt level, and firm size can explain or influence the dependent variable earnings persistence amounted to 13.1%, while the remaining 86.9% is influenced by other variables outside the research that is not included in this model. The results also showed simultaneous permanent differences (PD), temporary differences (TD), debt rank (DR), and firm size (FS) significantly affects the earnings persistence (EP).

Based on the partial test showed that permanent differences (PD) has significant effect with negative direction against the earnings persistence (EP), whereas temporary differences (TD), the debt rank (DR), and firm size (FS) has no significant effect on the earnings persistence (EP).

Keywords: *Book Tax Differences, Debt Rank, Earnings Persistence, Firm Size, Permanent Differences, and Temporary Differences.*