

ABSTRACT

Since the July 1st 2016, Indonesian government implemented the UU No. 11 Year 2016 regarding Indonesia Tax. Tax Amnesty is believed to bring many advantages, especially to the country itself. The program will increase the national economic growth through asset repatriation, which indicated with: domestic liquidity increased, Rupiah's exchange rate improvement, interest rate decreased, investment increased, etc. The phenomenon that occurred on IDX's stock while Indonesia Tax Amnesty ratification announcement is considered as Semistrong-Form of Efficient Market Hypothesis. Semistrong-Form of Efficient Market Hypothesis is occurred when current stock market's price is already reflected historical information including all of published information such as earning, dividend, stock split announcement, and another published event that affect future company's cash flow. Hence, the purpose of this research was to measure the announcement effect by conduct an event study.

Average abnormal return was used to measure and compare data before and after Tax Amnesty program ratification announcement. Market model has been used for 100-days of estimation date and 5-days before (t-5) until 5-days after (t+5) announcement date. Data that used are secondary data that gathered from sample of the research on 78 companies that listed on KOMPAS-100 index. Data analysis technique is using normality test on Kolmogorov-Smirnov and Shapiro-Wilk. While, Wilcoxon Signed-Rank Test were used for Hypothesis testing to know whether it has a significant difference.

The result on Kolmogorov-Smirnov test shown that data is not normally distributed. By Wilcoxon-Signed Rank Test, the phenomena are not significantly impact because there is no significant difference on average abnormal return before and after the Tax Amnesty program ratification announcement.

Keywords: *event study, tax amnesty, average abnormal return, abnormal return, market model*