ABSTRACT

Income Smoothing is an action that is intentionally carried out by company managers to reduce fluctuations in earnings by using accounting policies. This is done by management to attract investors' attention, because investors tend to only focus on the profits presented in determining investment decisions. Therefore, companies will compete to increase their profits by practicing income smoothing.

This study aims to determine the effect of income tax, winner/loser stock, and auditor reputation on income smoothing in primary consumer goods sector companies listed on the Indonesia Stock Exchange in 2016-2020.

The research method uses quantitative methods with verification descriptive research. The sampling technique used purposive sampling technique and produced a sample of 41 companies over a period of 5 years in order to obtain 205 sample units. This research uses logistic regression analysis method using SPSS 26.0 software.

The results of this study indicate that income tax, winner/loser stock, and auditor reputation have a simultaneous effect on income smoothing. Based on the partial test, the income tax and winner/loser stock variables have a negative effect on income smoothing, while auditor reputation has no effect on income smoothing.

Based on the results of the study, it is hoped that further research will use other types of sectors and also add other independent variables such as firm size, underwriter reputation, tax avoidance and other variables that can indicate income smoothing practices in a company. The Suggestions from this research is that company management should consider income tax and winner/loser stock to monitor income smoothing actions.

Keywords: *Income Tax, Winner/Loser Stock, Auditor Reputation, Income Smoothing*