

ABSTRACT

Profit is one of the information in the financial statements that can be used by the public in making investment decisions. In order for the company to appear to have good performance, managers carry out earnings management practices by providing full intervention related to internal financial reporting procedures to obtain individual and company profits. The motivation of management to practice earnings management is to attract external parties, one of which is investors by increasing profits (income creating) and tax motivation by decreasing profits (income decreasing).

This study aims to determine the effect of financial distress, tax planning, audit quality on earnings management in mining sector companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period simultaneously or partially. The data used in this study were obtained from annual reports and audited financial statements for 2016-2020.

The population in this study are mining sector companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period. The sample used was purposive sampling from 29 samples with a total of 145 observational data. The analysis used in this study uses panel data regression analysis.

The results showed that financial distress, tax planning, audit quality had a simultaneous effect on earnings management. The partial test results show that financial distress has a positive effect on earnings management, while tax planning and audit quality have no effect on earnings management.

The suggestions obtained in this study are divided into four, namely for further research it is recommended to re-test the variables that do not support the hypothesis of this study. For companies, it is advisable to pay more attention to financial distress in the company by more routinely evaluating financial statements every year. For investors, it is recommended to be more careful in making decisions by paying attention to financial distress. For Public Accounting Firms (KAP) to always pay attention to auditor independence and instill a code of ethics in auditing financial statements, so as to produce quality audits.

Keywords: *Audit Quality, Earnings Management, Financial Distress, Tax Planning*