

## Impact of Tax Accounting on Earnings Management of BSE 200 Companies

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### Abstract

Present paper attempt to study the impact of tax accounting on earnings management of companies. Companies which were constituents of BSE 200 were chosen as a sample for this study but due to unavailability of data, sample size reduced to 124 companies. Data for five years has been collected from 2015-16 to 2019-2020. Objective of the study is to investigate the relationship among earnings management and the deferred tax and profitability variables and to identify the impact of the deferred tax and profitability variables on earnings management of BSE 200 companies. The data was analysed using Panel Data Regression and Correlation. The result revealed that correlation between EM and NDTL, DTL, DT is negative and EM and PAT, EPS have positive. Correlation results received NDTL, DTL, DT, EPS, SIZE have a negative impact on earnings management and profit after tax has a positive impact on earnings management. Fixed effect model was found to be more appropriate.

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### I. Introduction

THE PROFIT ATTAINMENT of a corporation can simply identify the company's performance appraisal. Earnings information is used by related parties in a company to make decisions about how to continue the company's operations. Internal and external parties of the firm utilise profit information to make various decisions relating to bonuses, remuneration, performance benchmarks, and management, as well as to determine the amount of tax to be paid (Bunaca and Yadi, 2019). Tax planning, deferred tax expense, and asset returns are important factors in the profitability of a corporation. The ability to reclaim a deferred tax item in the future is made possible by its

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