# VALUE RELEVANCE OF COMPREHENSIVE INCOME: TAX AVOIDANCE AND DERIVATIVE INSTRUMENTS

Amrie Firmansyah *, Arditiya Fadlil **, Suparna Wijaya ***, Ferry Irawan ****, Puji Wibowo *****, Azas Mabrur **

* *Corresponding author*, Department of Public Sector Accounting, Polytechnic of State Finance STAN, South Tangerang, Indonesia
Contact details: Polytechnic of State Finance STAN, Bintaro Main Street 5th Sector, Bintaro Jaya, South Tangerang, Banten 15222, Indonesia
** Department of Accounting, Polytechnic of State Finance STAN, South Tangerang, Indonesia
*** Department of Tax, Polytechnic of State Finance STAN, South Tangerang, Indonesia
**** Department of State Financial Management, Polytechnic of State Finance STAN, South Tangerang, Indonesia
***** Department of Public Sector Accounting, Polytechnic of State Finance STAN, South Tangerang, Indonesia

**How to cite this paper:** Firmansyah, A., Fadlil, A., Wijaya, S., Irawan, F., Wibowo, P., & Mabrur, A. (2022). Value relevance of comprehensive income: Tax avoidance and derivative instruments. *Corporate & Business Strategy Review, 3*(1), 85–95.
https://doi.org/10.22495/cbsrv3i1art8



**ISSN Online:** 2708-4965
**ISSN Print:** 2708-9924

**Received:** 27.03.2022
**Accepted:** 17.06.2022

**JEL Classification:** M40, M41, M48, M14, H26
**DOI:** 10.22495/cbsrv3i1art8

## Abstract

The existence of comprehensive income as the adoption of IFRS, which has been carried out in Indonesia since 2012, has resulted in this figure information as one of the important information used by investors. Company policies originating from operating and non-operating activities can affect financial information quality. This study deals with the effect of tax avoidance and derivative instruments on the value relevance of comprehensive income. Research data is derived from the financial data of non-financial companies listed on the Indonesia Stock Exchange (IDX) from 2012 to 2019, sourced from www.idx.co.id and finance.yahoo.com. This study's total number of samples is 202 observations through purposive sampling with several criteria. Data in this research is included cross-section data so that the hypothesis testing employed in this research is ordinary least square regression analysis. This study finds that tax avoidance and derivative instruments are not associated with the value relevance of comprehensive income. This study suggests that investors' investment decisions are not influenced by information on tax avoidance and ownership of derivative instruments. However, tax avoidance is positively associated with value relevance using the book value of equity basis, while derivative instruments ownership is negatively associated with value relevance with the comparable basis.

**Keywords:** Derivatives, Tax Avoidance, Management Policies, Value Relevance, Comprehensive Income, IFRS Adoption

**Authors' individual contribution:** Conceptualization — A.F. and A.F.; Methodology — A.F., A.F., S.W., and F.I.; Formal Analysis — A.F., A.F., F.I., and P.W.; Investigation — S.W. and A.M.; Writing — Original Draft — A.F. and A.F.; Writing — Review & Editing — S.W., F.I., P.W., and A.M.; Supervision — Am.F., F.I., and P.W.; Project Administration — Ar.F., S.W., and A.M.; Funding Acquisition — Am.F., S.W., F.I., P.W., and A.M.

**Declaration of conflicting interests:** The Authors declare that there is no conflict of interest.

## 1. INTRODUCTION

Today's global business development no longer recognizes national boundaries (Sianipar & Marsono, 2013). Stakeholders need accounting standards that are widely accepted and can be compared between countries (Firmansyah & Irawan, 2018, 2019). Thus, business entities must compile their company's financial statements using accounting language that the international community can understand. The uniformity of the accounting language employed for corporate financial reporting facilitates the use of financial statements by stakeholders from different countries in making decisions. It can be achieved by applying applicable and internationally accepted accounting standards (Sianipar & Marsono, 2013). In 2000, the IASC carried out an institutional restructuring with the establishment of the IASC Foundation (IASCF), which oversees the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Committee (IFRIC) (Bharata, Susilo, & Nugraheni, 2020). The IASB makes accounting and financial reporting standards under the name International Financial Reporting Standards (IFRS) which are enforced in addition to the existing IAS (Bharata et al., 2020). Global financial accounting standards implementation in a country aims to produce financial reports with high credibility (Ghosh, Bairagi, & Mondal, 2020). Silva, Jorge, and Rodrigues (2021) argued that the implementation of IFRS could increase financial reporting quality because it decreases opportunistic management actions. Yamani, Hussainey, and Albitar (2021) found that IFRS adoption can reduce risk by reducing the cost of capital that the company must bear. Several studies found that IFRS implementation enhances accounting information quality (Houqe, Monem, Tareq, & van Zijl, 2016; Isaboke & Chen, 2019; Okafor, Anderson, & Warsame, 2016). These studies prove that the IFRS adoption can improve the financial reporting quality, as claimed by the IASB. However, other studies concluded that IFRS adoption has no association with accounting information quality (Doukakis, 2014; Kouki, 2018).

Indonesia is committed to implementing an internationally agreed accounting standard (Wulandari & Adiati, 2015). Indonesia began to adopt IFRS as an accounting standards used nationally in 2008. This process was carried out in stages that would be completed in 2012 (Suprihatin & Tresnaningsih, 2013). The adoption stage started in 2008 until 2010, then the final preparation stage was carried out in 2011, and the implementation stage was carried out in 2012 (Sari, 2019). The convergence of IFRS in Indonesia is expected to increase the growth of the equity market in Indonesia by providing high-quality financial reports that can serve the needs of investors and other stakeholders (Wulandari & Adiati, 2015). High-quality financial reporting can be suggested from a high level of value relevance (Firmansyah & Yusuf, 2020; Ghosh et al., 2020). Accounting information is considered value relevant if it can create a difference in decision-making (Alexander & Meiden, 2017). Value relevance is a direct indicator of the benefits of the information presented for decision-making because the accounting information presented can provide important information to investors (Udeh & Ezejiofor, 2018).

IFRS adoption in developing countries is not certain to increase value relevance. On the one hand, the adoption of IFRS is expected to enhance financial quality reporting. On the other hand, management is always looking for opportunistic loopholes despite implementing new accounting standards. Management has more perfect information on the company's finances than shareholders. In addition, managers can enforce certain company policies that are unknown to shareholders. These policies can impact the quality of financial statements contained in value relevance.

Works of literature related to value relevance have been investigated, such as IFRS adoption (Cutillas-Gomariz, Sánchez-Ballesta, & Yagüe, 2016; Garcia, Alejandro, Saenz, & Sanchez, 2017; Irmawati & Diana, 2016; Isaboke & Chen, 2019; Srivastava & Muharam, 2021), accounting information (Alexander & Meiden, 2017), tax avoidance (Ariff & Hashim, 2014; Haryatih, 2016; Midiastuty, Suranta, & Dita, 2020; Wardana, 2017), derivative instrument (Murwaningsari, Utama, & Rossieta, 2015; Oktavia, Siregar, & Djakman, 2017; Wardana, 2017), corporate social responsibility (Firmansyah & Yusuf, 2020), corporate governance (Firmansyah & Yusuf, 2020), cash holding (Trinh, Elnahass, & Cao, 2021), carbon disclosure (Jiang, Luo, Xu, & Shao, 2021). Managers can influence accounting numbers in financial statements because managers can run the company. The value relevance that shows the manager's policies affect the quality of the company's operations and non-operational companies.

This study analyzes tax avoidance and derivative instruments on the value relevance of comprehensive income. After IFRS adoption, net income is no longer the lowest information in the income statements because it is replaced with comprehensive income (Firmansyah, Utami, Umar, & Mulyani, 2020b). After IFRS adoption in Indonesia, comprehensive income information is important for the investor. Tax avoidance and ownership of derivative instruments allegedly resulted in asymmetric information between managers and shareholders. Tax avoidance will decrease shareholder value (Hanlon & Heitzman, 2010). Meanwhile, derivative instruments are closely related to earnings management practices (Oktavia & Martani, 2013) and can increase the firm risk in developing countries (Firmansyah, Utami, Umar, & Mulyani, 2020a; Lau, 2016). Ariff and Hashim (2014), Mayberry, McGuire, and Omer (2015), and Wardana (2017) only examined tax avoidance on the value relevance of net income, not comprehensive income. Comprehensive income may be higher value relevance than net income (Sinarto & Christiawan, 2014). In addition, research that has examined the effect of tax avoidance on the value relevance of comprehensive income is still very rare. Therefore, it is necessary to investigate the value relevance of tax avoidance related to IFRS implementation adoption using data from developing countries such as Indonesia.

Furthermore, Murwaningsari et al. (2015) and Oktavia et al. (2017) examined the association of financial derivatives and the value relevance of pre-adoption of IFRS. In contrast, this study examined the association between financial derivatives and the value relevance after adopting IFRS, where the measurement of financial derivatives employs fair value. However, the adoption of IFRS

should be able to increase the reporting of derivative instruments, but it is not effective if implemented in developing countries because it can pose risks and harm the company (Cao, Chen, Goetzmann, & Liang, 2018; Firmansyah et al., 2020b; Huang, Kabir, & Zhang, 2017; Lau, 2016). Thus, using financial derivative instruments after adopting IFRS and the risks that may arise in developing countries are interesting to investigate further.

The remainder of this paper is structured as follows. Section 2 elaborates on the theoretical framework and hypotheses development. Section 3 describes the methodology employed. Section 4 contains results and descriptive statistics analysis. Section 5 provides discussions on the hypotheses testing results. Section 6 concludes this research, the limitations of the study, and highlights the implications of our findings.

## 2. THEORETICAL FRAMEWORK

According to Ross (1977), signaling theory is based on managers announcing good information to increase firm value to investors. Spence (1973) stated that the management attempts to provide relevant information for investors in determining investment decisions by providing a signal. The theory is related to asymmetric information because the information received by each party is not the same or that one party to a transaction has better information than the other party (Fahmi, Hadjaat, & Yudaruddin, 2019). The accounting numbers presented in financial statement information need to have a high level of relevance (Scott, 2015) so that signals that describe the firm value can be appropriately interpreted (Rokhlinasari, 2015). If the information presented from financial statements is considered relevant, it will positively signal investors in making investment decisions. Investors who have high trust in the company will respond to the company with stock price movements that tend to rise, increasing the company's stock return.

Information on financial statements has value relevance if the information presented can explain (explanatory power) the value of a company (Firmansyah & Yusuf, 2020; Ohlson, 1995). Value relevance is the ability of information in financial statements to cause market reactions and influence decision-makers decisions (Islami & Mawardi, 2019). In addition, value relevance is information presented for decision-making so that the accounting information presented can provide important information to investors (Udeh & Ezejiofor, 2018). If the information presented is considered relevant, it will positively signal investors in making investment decisions. The more relevant company information received by investors, the higher the level of investor confidence. Investors who have high confidence in the company will positively respond to the company with stock price movements that tend to rise, which will also affect the company's stock return, which is increasing.

The comprehensive income statement is part of the financial statements that measure how successful the company's performance is in one period. Comprehensive income statement information is very important for users of financial statements, such as investors, creditors, and management, to determine the direction of future decisions (Windarto, Lubis, & Solikhun, 2018). The main components of comprehensive income are net income and other comprehensive income (Aryati & Wibowo, 2017). Dhaliwal, Subramanyam, and Trezevant (1999) found that comprehensive income has more relevant to stock returns and stock prices than net income. Biddle and Choi (2006) concluded that the information content of comprehensive income has better information content than the income information. Choi and Zang (2006) proved that comprehensive income in the current period is better than net income in the same period. Cahan, Courtenay, Gronewoller, and Upton (2000) suggested that comprehensive income in aggregate has more value relevance than net income. Kanagaretnam, Mathieu, and Shehata (2009) found evidence that combined comprehensive income is more significant in explaining stock prices and returns than net income.

Asymmetric information causes managers to have more complete information than shareholders (Scott, 2015). Managers can take certain policies that are considered not in line with the interests of shareholders. These policies include tax avoidance activities (Ariff & Hashim, 2014; Haryatih, 2016; Midiastuty et al., 2020; Wardana, 2017) and derivative instruments ownership (Cao et al., 2018; Firmansyah et al., 2020b; Huang et al., 2017; Lau, 2016; Murwaningsari et al., 2015; Oktavia et al., 2017). Investors consider that tax avoidance is employed to manipulate earnings. It will reduce investors' valuation in making investment decisions, as indicated by falling stock prices. Adityamurti and Ghozali (2017) found that the higher the interest of investors, the higher the stock price because the outstanding shares will be limited. Ariff and Hashim (2014) and Wardana (2017) found that investors consider tax avoidance relevant to financial statement information. The level of company profitability boosts the tax avoidance practice (Dewinta & Setiawan, 2016). Mayberry et al. (2015) found that tax avoidance decreases value relevance. Tax avoidance actions can reduce investors' quality of financial statements in decision-making. Investors do not understand that such efforts can align the interests of managers and investors or that managers, for certain motives, carry out such actions.

Furthermore, derivative instruments can be defined as financial instruments that value depends on the underlying variables (Donohoe, 2015). The use of derivative instruments has a market risk that is negatively related to share prices and earnings (Murwaningsari et al., 2015). Oktavia and Martani (2013) stated that the ambiguity of derivatives instruments ownership in Indonesia relates to earnings management activities. Also, most companies restrict information on using their derivatives (Ayturk, Gurbuz, & Yanik, 2016) so that derivative instruments ownership encourages asymmetric information due to certain motives owned by managers.

The unclear disclosure of derivative information by financial statement users results in derivative ownership can be considered unfavorable. Derivative ownership is a management policy that aims to reduce fluctuations and speculation (Mahardika, 2018). Derivative instruments presented in the financial statements influence value relevance (Oktavia et al., 2017). Bartram (2017) found that derivative ownership in companies can also promote the company's value by aligning the investment and financing policies. However,

disclosing the derivative instruments used in financial statements also poses problems because they are only related to the risk of derivative instruments, not how they are employed (Ryu, 2015).

Tax avoidance can reduce comprehensive income information quality because it is considered that the reported comprehensive proceeds are not associated with the firm's actual value. Investors perceive tax avoidance as a form of earnings manipulation so that the financial statement information reflects a negative signal. Although this activity does not violate the provisions of laws and regulations, this activity has the potential for disputes between the company and the tax authorities in the future. While, derivative instruments ownership in developing countries is associated with earnings management activities, resulting in firm risk. The company must bear the loss in the future due to the instrument. Employing derivative instruments can increase the firm's risk in developing countries. Thus, the comprehensive income is of low-value relevance because the instrument's ownership results in greater risk borne by the company. Both managers' policies from operating activities, tax avoidance, and non-operating activities in the form of ownership of derivative instruments can reduce the information quality from the financial statements data. The asymmetric information on the two policies reduced investor response to tax avoidance companies and have derivative instruments.

Thus, the two hypotheses in this study are as follows:

*H1: Tax avoidance reduces the value relevance of the comprehensive income.*

*H2: The derivative instrument reduces the value relevance of the comprehensive income.*

## 3. METHODOLOGY

This research employs data obtained through the company's financial statements and stock price from 2012 to 2019. The data is derived from www.idx.co.id and www.finance.yahoo.co.id. The data in this study are companies that have derivative transactions from 2012 up to 2019. Regarding the purposive sampling, the research sample is as follows:

**Table 1.** Sample of research

| *Criteria* | *Amount* |
|---|---|
| Indonesian companies listed as of March 2021 | 728 |
| Companies in the financial sector | 105 |
| Companies that do not have derivative instruments | 581 |
| Number of companies that can be used in research | **42** |
| Number or year | **8** |
| Total observations before adjustment | **336** |
| Companies that have a negative effective tax rate value and zero derivative value in a specific year | 134 |
| Total observations | **202** |

*Source: Processed data.*

The dependent variable in this study is value relevance. In line with Almagtome and Abbas (2020), Firmansyah and Yusuf (2020), and Irmawati and Diana (2016), the measurement of value relevance in this study employs a model developed by Ohlson (1995), using the price model, measured using the following formula:

$$PRICE_{it+1} = \beta_0 + \beta_1 EPS_{it} + \beta_2 BVE_{it} + \varepsilon_{it} \qquad (1)$$

where,

$PRICE_{it+1}$: Share price as of the end of March of the following year;

$BVE_{it}$: Book value of equity per share of the company $i$ in year $t$;

$EPS_{it}$: Earnings per share of the company $i$ in year $t$.

$Price_{t+1}$ is share price information at the announcement of financial statement information in the following year, the end of March of the following year, obtained in the capital market. Meanwhile, information on the book value of equity and net income derives from the financial statements for the current year. This value relevance model is part of capital market-based accounting research. There is a test of financial statement information on the company's condition in the capital market (Firmansyah et al., 2020b; Kothari, 2001). Financial statement information can have value relevance if net income and book value of equity positively affect stock price information when the announcement of financial statements to the public. The relevance of the value in this study uses the relationship between net income and stock prices widely used in previous studies.

This study expands earnings per share (*EPS*) into comprehensive income per share (*CIPS*) based on the formula. Also, this study divides *CIPS* into *EPS* and other comprehensive income per share (*OCIPS*) and *EPS*. This study employs tax avoidance and derivative instruments (*DERIV*) as independent variables to interact with *ICPS, EPS,* and *OCIPS*. *CIPS* refers to Meichyel and Dewi (2020) and Yudiman, Darmansyah, and Ahmar (2017) and is measured by:

$$CIPS = \frac{Comprehensive\ income}{Number\ of\ shares\ outstanding} \qquad (2)$$

*OCIPS* refers to Yudiman et al. (2017) and Elshamy, Alyousef, and Al-Mudhaf (2019) and is measured by:

$$OCIPS = \frac{Other\ comprehensive\ income}{Number\ of\ shares\ outstanding} \qquad (3)$$

*EPS* refers to Utomo, Andini, and Raharjo (2016) and Firmansyah and Yusuf (2020), is measured by:

$$EPS = \frac{Net\ income}{Number\ of\ shares\ outstanding} \qquad (4)$$

*BVE* refers to Almagtome and Abbas (2020) and Firmansyah and Yusuf (2020) and is measured by:

$$BVE = \frac{Total\ equity}{Number\ of\ shares\ outstanding} \quad (5)$$

Furthermore, the measurement of tax avoidance in this study employs the effective tax rate (*ETR*), following Ardy and Kristanto (2015), Damayanti and Prastiwi (2017), Sandy and Lukviarman (2015), Saputra, Rifa, and Rahmawati (2015). *ETR* is the best proxy for tax avoidance because it can reflect the difference between book income and fiscal income on a fixed basis (Pebriyanti, Firmansyah, Wijaya, & Irawan, 2022; Sandy & Lukviarman, 2015). The smaller (larger) value of *ETR* indicates that the tax avoidance by the company is getting bigger (smaller).

$$ETR = \frac{Total\ tax\ expense}{Income\ before\ tax} \quad (6)$$

The derivative instruments proxy follows Devi and Efendi (2018), Firmansyah and Purnama (2020), and Oktavia and Martani (2013) and is measured by the formula:

$$DERIV = \frac{Abs(FV\ deriv\ assets - FV\ deriv\ liabilities)}{Total\ assets_{t-1}} \quad (7)$$

This study includes profitability, leverage, and company size as control variables. Profitability proxy follows Ayturk et al. (2016) and Utomo et al. (2016), which employ return on assets (*ROA*).

$$ROA = \frac{Income\ before\ tax}{Total\ assets} \quad (8)$$

Leverage can be measured by the ratio of total long-term liabilities divided by total company equity, following Ayturk et al. (2016) and Utomo et al. (2016).

$$Leverage = \frac{Total\ long\_term\ liabilities}{Total\ equity} \quad (9)$$

The proxy of firm size refers to Aryati and Wibowo (2017), Garcia et al. (2017), and Utomo et al. (2016), which is obtained from the natural logarithm value of the company's total assets.

$$Firm\ size\ = Ln(Total\ assets) \quad (10)$$

Furthermore, the hypothesis test employs ordinary least squares (OLS). The data used in this study employ companies that have derivative instruments. This study employs a research period from 2012 to 2019, but not every company has derivative instruments. Thus, the OLS test is more appropriate because the research data is cross-sectional, not panel data. The first model aims to examine the value relevance of comprehensive income (Model 1) as follows in equation (11).

The second model is the additional model to examine the value relevance of other comprehensive income and net income (Model 2), as follows in equation (12).

*Model 1*

$$PRICE_{it} = \beta_0 + \beta_1 BVE_{it} + \beta_2 CIPS_{it} + \beta_3 ETR_{it} + \beta_4 DERIV_{it} + \beta_5 (BVE_{it} * ETR_{it}) + \beta_6 (CIPS_{it} * ETR_{it}) + \beta_7 (BVE_{it} * DERIV_{it}) + \beta_8 (CIPS_{it} * DERIV_{it}) + \beta_9 ROA_{it} + \beta_{10} LEV_{it} + \beta_{11} SIZE_{it} + \varepsilon_{it} \quad (11)$$

*Model 2*

$$PRICE_{it+1} = \beta_0 + \beta_1 BVE_{it} + \beta_2 EPS_{it} + \beta_3 OCIPS_{it} + \beta_4 ETR_{it} + \beta_5 DERIV_{it} + \beta_6 (BVE_{it} * ETR_{it}) + \beta_7 (EPS_{it} * ETR_{it}) + \beta_8 (OCIPS_{it} * ETR_{it}) + \beta_9 (BVE_{it} * DERIV_{it}) + \beta_{10} (EPS_{it} * DERIV_{it}) + \beta_{11} (OCIPS_{it} * DERIV_{it}) + \beta_{12} ROA_{it} + \beta_{13} LEV_{it} + \beta_{14} SIZE_{it} + \varepsilon_{it} \quad (12)$$

where,
$PRICE_{it+1}$: Share price as of the end of March of the following year;
$BVE_{it}$: Book value of equity per share of the company *i* in year *t*;
$CIPS_{it}$: The comprehensive income per share of the company *i* in year *t*;
$EPS_{it}$: Earnings per share of the company *i* in year *t*;
$OCIPS_{it}$: Other comprehensive income per share of the company *i* in year *t*;
$DERIV_{it}$: Derivative ownership of company *i* in year *t*;
$ETR_{it}$: Effective tax rate of the company *i* in year *t*;
$ROA_{it}$: Profitability of company *i* in year *t*;
$DER_{it}$: Leverage of company *i* in year *t*;
$SIZE_{it}$: Natural logarithm of firm size *i* in year *t*.

## 4. RESULTS

Table 2 shows descriptive statistics for each variable employed in this study. The descriptive statistics presented in this study include the mean, median, maximum value, minimum value, and standard deviation of the research data. The mean describes the average of each of the observed variables. The median aims to see the middle value between the mean and the extreme points. The maximum and minimum values describe the highest and lowest extreme values. Meanwhile, the standard deviation shows the difference between individual data points to the average. The summary of descriptive statistics for all variables processed in this study is shown in Table 2.

The multicollinearity test between the independent variables in Model 1 and Model 2 is as follows in Tables 3 and 4.

**Table 2.** Research descriptive statistics

| *Variable* | *Mean* | *Med.* | *Max* | *Min.* | *Std. Dev.* | *Obs.* |
|---|---|---|---|---|---|---|
| *PRICE* | 3,952.49 | 1,195 | 35,150 | 44.4 | 6,301.29 | 202 |
| *BVE* | 2,233.36 | 879.96 | 46,869.1 | 105.959 | 4,387.915 | 202 |
| *EPS* | 744.551 | 107.437 | 55,587.52 | -516.26 | 4,207.213 | 202 |
| *CIPS* | 763.099 | 114.90 | 56,593.21 | -707.65 | 4,270.888 | 202 |
| *OCIPS* | 16.338 | 0.0086 | 1,005.69 | -639.06 | 120.7562 | 202 |
| *DERIV* | 0.0081 | 0.0016 | 0.1018 | 2.8E-07 | 0.0147 | 202 |
| *ETR* | 0.3072 | 0.2515 | 3.9705 | 0.0094 | 0.3334 | 202 |
| *DER* | 1.5860 | 1.0510 | 13.5432 | 0.1872 | 1.6068 | 202 |
| *ROA* | 0.1028 | 0.0654 | 0.6572 | -0.1627 | 0.1203 | 202 |
| *SIZE* | 30.2392 | 30.3866 | 33.4945 | 27.7726 | 1.3934 | 202 |

*Source: Processed data.*

**Table 3.** Multicollinearity test results for Model 1

| | *BVE* | *CIPS* | *DERIV* | *ETR* | *DER* | *ROA* | *SIZE* |
|---|---|---|---|---|---|---|---|
| ***BVE*** | 1.0000 | 0.8240 | -0.0211 | 0.0450 | -0.1349 | 0.2911 | 0.1336 |
| ***CIPS*** | 0.8240 | 1.0000 | 0.0256 | -0.0196 | -0.0441 | 0.4278 | -0.1045 |
| ***DERIV*** | -0.0211 | 0.0256 | 1.0000 | 0.0374 | 0.3528 | -0.1588 | 0.1792 |
| ***ETR*** | 0.0450 | -0.0197 | 0.0374 | 1.0000 | 0.1038 | -0.1694 | 0.1019 |
| ***DER*** | -0.1349 | -0.0441 | 0.3528 | 0.1038 | 1.0000 | -0.1800 | -0.0022 |
| ***ROA*** | 0.2911 | 0.4278 | -0.1589 | -0.1694 | -0.1800 | 1.0000 | -0.2090 |
| ***SIZE*** | 0.1336 | -0.1045 | 0.1792 | 0.1019 | -0.0022 | -0.2090 | 1.0000 |

*Source: Processed data.*

**Table 4.** Multicollinearity test results for Model 2

| | *BVE* | *EPS* | *OCIPS* | *ETR* | *DERIV* | *DER* | *ROA* | *SIZE* |
|---|---|---|---|---|---|---|---|---|
| ***BVE*** | 1.0000 | 0.8277 | 0.4308 | 0.0529 | -0.0143 | -0.1426 | 0.2853 | 0.1573 |
| ***EPS*** | 0.8277 | 1.0000 | 0.5543 | -0.0218 | 0.0405 | -0.0637 | 0.4188 | -0.0737 |
| ***OCIPS*** | 0.4308 | 0.5543 | 1.0000 | 0.1824 | 0.0272 | 0.0513 | 0.1153 | -0.0258 |
| ***ETR*** | 0.0529 | -0.0218 | 0.1824 | 1.0000 | 0.0338 | 0.1053 | -0.1641 | 0.1037 |
| ***DERIV*** | -0.0143 | 0.0405 | 0.0272 | 0.0338 | 1.0000 | 0.3555 | -0.1420 | 0.1728 |
| ***DER*** | -0.1426 | -0.0637 | 0.0513 | 0.1053 | 0.3555 | 1.0000 | -0.1968 | -0.0189 |
| ***ROA*** | 0.2853 | 0.4188 | 0.1153 | -0.1641 | -0.1420 | -0.1968 | 1.0000 | -0.1854 |
| ***SIZE*** | 0.1573 | -0.0737 | -0.0258 | 0.1037 | 0.1728 | -0.0189 | -0.1855 | 1.0000 |

*Source: Processed data.*

Tables 3 and 4 above show that the relationship between *CIPS* and *BVE* and *EPS* and *BVE* has a coefficient above 0.8, namely 0.8240 and 0.8277, so that the two variables experience multicollinearity. However, based on Gujarati and Porter (2009) and Widarjono (2013), models whose independent variables experience multicollinearity as long as they are not full multicollinearity, model testing is still being carried out. Furthermore, Table 3 shows that hypothesis testing in Model 1 was conducted to examine the effect of tax avoidance and derivative ownership on the value relevance of comprehensive income. Meanwhile, hypothesis testing in Model 2 was conducted as an additional test to examine the effect of tax avoidance and derivative instrument ownership on the value relevance of other comprehensive income. Both models were tested with OLS and have passed the classical assumption test.

**Table 5.** The summary of regression test results

| *Variable* | *Model 1* | | | *Model 2* | | |
|---|---|---|---|---|---|---|
| | *Coeff.* | *T-stat.* | *Prob.* | *Coeff.* | *T-stat.* | *Prob.* |
| C | -7317.20 | -1.791 | 0.037** | -5079.51 | -1.241 | 0.108 |
| *BVE* | 2.83 | 8.127 | 0.000*** | 2.41 | 3.583 | 0.000*** |
| *CIPS* | -2.02 | -3.173 | 0.000*** | | | |
| *ETR* | 6270.21 | 2.878 | 0.002*** | 5601.08 | 3.407 | 0.000*** |
| *DERIV* | 39803.75 | 2.035 | 0.022** | 32306.70 | 1.580 | 0.058* |
| *BVE * ETR* | -2.99 | -2.926 | 0.002*** | -2.69 | -3.231 | 0.001*** |
| *CIPS * ETR* | 2.62 | 1.102 | 0.136 | | | |
| *BVE * DERIV* | -28.20 | -1.982 | 0.024** | -24.20 | -1.766 | 0.040** |
| *CIPS * DERIV* | 5.88 | 0.510 | 0.305 | | | |
| *ROA* | 25445.57 | 7.535 | 0.000*** | 22030.64 | 3.474 | 0.000*** |
| *DER* | 172.87 | 1.717 | 0.044** | 168.29 | 1.457 | 0.073* |
| *SIZE* | 1.16 | 0.852 | 0.198 | 0.61 | 0.422 | 0.337 |
| *EPS* | | | | 0.22 | 0.051 | 0.480 |
| *OCIPS* | | | | 7.46 | 1.493 | 0.069* |
| *EPS * ETR* | | | | 0.27 | 0.019 | 0.492 |
| *EPS * DERIV* | | | | 24.89 | 0.416 | 0.339 |
| *OCIPS * ETR* | | | | -0.002 | -0.969 | 0.167 |
| *OCIPS * DERIV* | | | | -145.33 | -1.940 | 0.027** |
| $R^2$ | 0.755 | | | 0.756 | | |
| Adj. $R^2$ | 0.741 | | | 0.736 | | |
| F-stat. | 53.361 | | | 38.862 | | |
| Prob(F-stat.) | 0.000 | | | 0.000 | | |

*Source: Processed data.*

## 5. DISCUSSION

The result of Model 1 suggests that the interaction between tax avoidance and comprehensive income has no association with stock prices. Thus, tax avoidance is not related to the value relevance of comprehensive income. Model 2 testing suggests that the interaction between tax avoidance and net income and tax avoidance and other comprehensive income are not associated with stock prices. Investors consider no significant difference in presenting comprehensive income information after IFRS adoption in Indonesia with net income in the previous financial accounting standards. The addition of other comprehensive income in the comprehensive income component is not too significant. Meanwhile, the value relevance test based on the book value of equity suggests that the effective tax rate in both models shows a negative association with value relevance or that tax avoidance is positively associated with value relevance. This test suggests that the value relevance based on the book value of equity is more stable than based on comprehensive income and net income. The result of the multicollinearity test shows that the book value of equity has a high correlation with comprehensive income and net income. The book value of equity information is more stable than the comprehensive income component in the value relevance test. Thus, the following discussion employs value relevance based on the book value of equity.

The result is in line with Ariff and Hashim (2014), Mayberry et al. (2015), and Wardana (2017). Based on descriptive statistics, the average *ETR* of 0.3072 (close to zero) indicates that the tax avoidance practice is quite high. It aligns with each company's primary goal to obtain the maximum possible income (Oktaviana, Pratomo, & Sunarno, 2018). Tax avoidance may enhance asymmetric information because the management attempts to attract investors' interest in investing in their sources by presenting relevant financial statements (Scott, 2015). On the other hand, investors consider management's tax avoidance practices as the best strategies to plan tax expenses. It is assumed that tax avoidance is good news for investors causes manager attempts to save the tax expenses. Although the information received by investors and company management is not the same, the company management has more and better information than investors (Fahmi et al., 2019). Still, managers attempt to align investor interest in tax avoidance activities. Tax avoidance becomes a benchmark for investors in making investment decisions. Tax avoidance practice is still within the limits of tax laws and regulations and can be justified (Hetiati, Kustiawan, & Fitriana, 2021). The usefulness of information on the presentation of the book value of equity can be increased due to tax avoidance activities. Therefore, investors assume that tax avoidance actions can increase the value of the company because these actions can align investors' interests over the company's future (Desai & Dharmapala, 2009; Drake, Lusch, & Stekelberg, 2019; Firmansyah, Febrian, & Falbo, 2022; Irawan & Turwanto, 2020; Widodo & Firmansyah, 2021).

Furthermore, the interaction of derivative instruments and comprehensive income is not associated with stock prices. Thus, the derivative instrument is not related to the value relevance of comprehensive income. Investors do not consider that derivative instruments owned by the company can influence investors' decisions in making investments. In Model 2, the study result also suggests that the interaction of derivative instruments and net income is unrelated to stock prices. Derivative instruments do not cause a market reaction on comprehensive income and net income. However, the value relevance test based on the book value of equity suggests that the derivative instruments in both models show a negative association with value relevance. As with the tests of tax avoidance and value relevance in the previous section, the following discussion employs value relevance based on the book value of equity. This result is in line with. This study confirms the result of Oktavia et al. (2017). This study employs non-financial companies based on Ohlson (1995), while Oktavia et al. (2017) utilized data from the financial industry sector and referred to the model of Ahmed, Kilic, and Lobo (2006).

The presentation of derivative transactions in the financial statements depends on essential variables with different characteristics (Mahardika, 2018). Derivative instruments are presented based on the underlying variables so that changes in the primary variables will cause changes in the instrument value. Using the instruments in developing countries will not be effective, pose risks, and harm the company (Firmansyah et al., 2020b). Derivative instruments ownership will affect investors' company assessment because investors (risk-neutral) will always avoid risk-valued information. In line with that, derivative instruments have market risk in exchange rates and interest rates that are negatively related to share prices and earnings (Murwaningsari et al., 2015). Also, derivative instruments ownership is associated with firm risk (Firmansyah et al., 2020a). Apart from the company's non-operating activities, the policy in derivative instruments ownership is related to asymmetric information that is not in line with investors' interests. The losses due to derivative instruments will compensate for net income, so the company's net income is not affected by fluctuations in derivative transactions. In addition, hedging can reduce the negative realization and costs due to financial distress (Donohoe, 2015). The derivative instrument ownership is also considered to have unclear objectives so that the information cannot be used to determine investment decisions in the capital market. Furthermore, Indonesia does not have an active futures exchange, making derivative instruments less popular in Indonesia (Firmansyah et al., 2020b). It causes the low value of derivative ownership so that investors do not consider the ownership of the derivative instrument in investment decision-making. This study also confirms the findings of Cao et al. (2018), Huang et al. (2017), and Lau (2016), which stated that derivative instruments ownership in any form could increase companies' risk in developing countries. Although regulated by financial accounting standards, derivative instruments ownership also needs to be supported by good governance related to its implementation.

## 6. CONCLUSION

This study finds that value relevance is more stable using the information on equity's book value than comprehensive income and net income. Comprehensive income information that has emerged since 2012 since the implementation of IFRS adoption in Indonesia is considered by investors not to provide a significant change compared to net income using previous accounting standards. This study finds that tax avoidance is positively associated with value relevance because it is considered to align investors' interests. Tax avoidance can be considered one of the managers' strategies in supporting the positive response of investors. This finding confirms Desai and Dharmapala (2009), Drake et al. (2019), Firmansyah et al. (2022), Irawan and Turwanto (2020), and Widodo and Firmansyah (2021) that tax avoidance can increase the firm value. Meanwhile, derivative instruments ownership reduces investors' belief because the action contains a high level of asymmetric information. This study confirms the findings of Cao et al. (2018), Huang et al. (2017), and Lau (2016), which stated that derivative instruments ownership in developing countries, with any purposes, cannot run optimally because it needs adequate governance support.

The limitation of this study is the data used is limited to data on non-financial companies that have derivative instruments from 2012 up to 2019 as one of the criteria. Second, the scope of observations in this investigation is limited since there is an adjustment to companies that have negative ETR values and zero derivative values. Future research can examine tax avoidance separate from the criteria for companies with derivative instruments to obtain a larger amount of data and produce a more comprehensive test. In addition, future research can use data from other developing countries to compare the results of this test with the research. The study indicates that the Indonesian Tax Authority needs to focus on regulation and supervision and increases literacy among investors in Indonesia regarding the importance of using financial reports to make investment decisions and investor protection in the capital market.

## REFERENCES


1. Adityamurti, E., & Ghozali, I. (2017). Pengaruh penghindaran pajak dan biaya agensi terhadap nilai perusahaan. *Diponegoro Journal of Accounting*, *6*(3), 124–135. Retrieved from https://ejournal3.undip.ac.id/index.php/accounting/article/view/18228
2. Ahmed, A. S., Kilic, E., & Lobo, G. J. (2006). Does recognition versus disclosure matter? Evidence from value-relevance of banks' recognized and disclosed derivative financial instruments. *Accounting Review*, *81*(3), 567–588. https://doi.org/10.2308/accr.2006.81.3.567
3. Al Islami, M. A. F., & Mawardi, I. (2019). Analisis reaksi pasar terhadap pengumuman right issue (studi kasus pada saham yang terdaftar di ISSI). *Jurnal Ekonomi Syariah Teori Dan Terapan*, *6*(6), 1101–1113. https://doi.org/10.20473/vol6iss20196pp1101-1113
4. Alexander, E., & Meiden, C. (2017). Relevansi nilai informasi akuntansi terhadap harga saham pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia. *Jurnal Akuntansi*, *6*(2), 137–151. Retrieved from https://jurnal.kwikkiangie.ac.id/index.php/JA/article/view/435
5. Almagtome, A. H., & Abbas, Z. F. (2020). Value relevance of financial performance measures: An empirical study. *International Journal of Psychological Rehabilitation*, *24*(7), 6777–6791. Retrieved from https://www.psychosocial.com/article/PR270642/18097/
6. Ardy, A., & Kristanto, A. B. (2015). Faktor finansial dan non finansial yang mempengaruhi agresivitas pajak di Indonesia. *Media Riset Akuntansi, Auditing & Informasi*, *15*(1), 31–48. https://doi.org/10.25105/mraai.v15i1.2086
7. Ariff, A. M., & Hashim, H. A. (2014). Governance and the value relevance of tax avoidance. *Malaysian Accounting Review*, *13*(2), 87–107. Retrieved from https://ir.uitm.edu.my/id/eprint/12412/
8. Aryati, T., & Wibowo, N. N. (2017). Pengaruh relevansi nilai informasi other comprehensive income dan net income terhadap return saham. *Media Riset Akuntansi, Auditing & Informasi*, *17*(1), 53. https://doi.org/10.25105/mraai.v17i1.2038
9. Ayturk, Y., Gurbuz, A. O., & Yanik, S. (2016). Corporate derivatives use and firm value: Evidence from Turkey. *Borsa Istanbul Review*, *16*(2), 108–120. https://doi.org/10.1016/j.bir.2016.02.001
10. Bartram, S. M. (2017). Corporate hedging and speculation with derivatives. *Journal of Corporate Finance, 57,* 9–34. https://doi.org/10.1016/j.jcorpfin.2017.09.023
11. Bharata, R. W., Susilo, G. F. A., & Nugraheni, A. P. (2020). International Financial Reporting Standards (IFRS) dan Proses Pengadopsiannya di Indonesia. *Jurnal Bisnis Darmajaya*, *6*(2), 10–26. Retrieved from https://jurnal.darmajaya.ac.id/index.php/JurnalBisnis/article/view/1951
12. Biddle, G. C., & Choi, J.-H. (2006). Is comprehensive income useful? *Journal of Contemporary Accounting & Economics*, *2*(1), 1–32. https://doi.org/10.1016/S1815-5669(10)70015-1
13. Cahan, S. F., Courtenay, S. M., Gronewoller, P. L., & Upton, D. R. (2000). Value relevance of mandated comprehensive income disclosures. *Journal of Business Finance & Accounting*, *27*(9–10), 1273–1301. https://doi.org/10.1111/1468-5957.00356
14. Cao, C., Chen, Y., Goetzmann, W. N., & Liang, B. (2018). Hedge funds and stock price formation. *Financial Analysts Journal*, *74*(3), 54–68. https://doi.org/10.2469/faj.v74.n3.4
15. Choi, J.-H., & Zang, Y. (2006). Implications of comprehensive income disclosure for future earning and analysts' forecasts. *Seoul Journal of Business*, *12*(2), 77–109. Retrieved from https://ink.library.smu.edu.sg/soa_research/163/
16. Cutillas-Gomariz, M. F., Sánchez-Ballesta, J. P., & Yagüe, J. (2016). The effects of IFRS on net income and earnings components: Value relevance, persistence, and predictive value. *Spanish Journal of Finance and Accounting/Revista Española de Financiación y Contabilidad*, *45*(3), 365–388. https://doi.org/10.1080/02102412.2016.1198562
17. Damayanti, H. H., & Prastiwi, D. (2017). Peran OECD dalam meminimalisasi upaya tax agresiveness pada perusahaan multinationaly. *Jurnal Akuntansi Multiparadigma (JAMAL)*, *8*(1), 79–89. https://doi.org/10.18202/jamal.2017.04.7041

18. Desai, M. A., & Dharmapala, D. (2009). Corporate tax avoidance and firm value. *The Review of Economics and Statistics, 91*(3), 537–546. https://doi.org/10.1162/rest.91.3.537
19. Devi, B., & Efendi, S. (2018). Financial derivatives in corporate tax aggressiveness. *The Indonesian Journal of Accounting Research*, *21*(2), 251–268. https://doi.org/10.33312/ijar.360
20. Dewinta, I. A. R., & Setiawan, P. E. (2016). Pengaruh ukuran perusahaan, umur perusahaan, profitabilitas, leverage, dan pertumbuhan penjualan terhadap tax avoidance. *E-Jurnal Akuntansi Universitas Udayana*, *14*(3), 1584–1615. Retrieved from https://ojs.unud.ac.id/index.php/Akuntansi/article/view/16009
21. Dhaliwal, D., Subramanyam, K. R., & Trezevant, R. (1999). Is comprehensive income superior to net income as a measure of firm performance ? *Journal of Accounting and Economics*, *26*(1–3), 43–67. https://doi.org/10.1016/S0165-4101(98)00033-0
22. Donohoe, M. P. (2015). Financial derivatives in corporate tax avoidance: A conceptual perspective. *The Journal of the American Taxation Association*, *37*(1), 37–68. https://doi.org/10.2308/atax-50907
23. Doukakis, L. C. (2014). The effect of mandatory IFRS adoption on real and accrual-based earnings management activities. *Journal of Accounting and Public Policy*, *33*(6), 551–572. https://doi.org/10.1016/j.jaccpubpol.2014.08.006
24. Drake, K. D., Lusch, S. J., & Stekelberg, J. (2019). Does tax risk affect investor valuation of tax avoidance? *Journal of Accounting, Auditing and Finance*, *34*(1), 151–176. https://doi.org/10.1177/0148558X17692674
25. Elshamy, M., Alyousef, H. Y., & Al-Mudhaf, J. (2019). Is comprehensive income superior to net income in equity valuation? Evidence from the capital market of Kuwait. *The Journal of Applied Business Research*, *35*(4), 97–108. https://doi.org/10.19030/jabr.v35i4.10304
26. Fahmi, R., Hadjaat, M., & Yudaruddin, R. (2019). Pengaruh tipe industri dan asimetri informasi serta kapitalisasi pasar terhadap intellectual capital disclosure pada perusahaan sektor industri dasar dan kimia yang terdaftar di Bursa Efek Indonesia. *Jurnal Manajemen*, *11*(1), 16–23. Retrieved from https://journal.feb.unmul.ac.id /index.php/JURNALMANAJEMEN/article/view/4523
27. Firmansyah, A., & Irawan, F. (2018). Adopsi IFRS, manajemen laba akrual dan manajemen laba riil. *Assets: Jurnal Akuntansi Dan Pendidikan*, *7*(2), 81–94. https://doi.org/10.25273/jap.v7i2.3310
28. Firmansyah, A., & Irawan, F. (2019). Do IFRS adoption and corporate governance increase accounting information quality in Indonesia? *Accounting Analysis Journal*, *8*(1), 59–65. Retrieved from https://www.researchgate.net/publication/336230844_Do_IFRS_Adoption_and_Corporate_Governance_Increase _Accounting_Information_Quality_in_Indonesia
29. Firmansyah, A., & Purnama, E. B. D. (2020). Do derivatives instruments ownership decrease firm value in Indonesia? *Riset Akuntansi Dan Keuangan Indonesia*, *5*(1), 1–9. https://doi.org/10.23917/reaksi.v5i1.9817
30. Firmansyah, A., & Yusuf, Y. (2020). The value relevance of corporate disclosures: Social responsibility, intellectual capital, corporate governance. *Assets: Jurnal Akuntansi Dan Pendidikan*, *9*(1), 61–71. https://doi.org/10.25273/jap.v9i1.5128
31. Firmansyah, A., Febrian, W., & Falbo, T. D. (2022). The role of corporate governance and tax risk in Indonesia investor response to tax avoidance and tax aggressiveness. *Jurnal Riset Akuntansi Terpadu*, *15*(1), 11–27. Retrieved from https://jurnal.untirta.ac.id/index.php/JRAT/article/view/14033
32. Firmansyah, A., Utami, W., Umar, H., & Mulyani, S. D. (2020a). Do derivative instruments increase firm risk for Indonesia non-financial companies? *International Journal of Business, Economics and Management*, *7*(2), 81–95. https://doi.org/10.18488/journal.62.2020.72.81.95
33. Firmansyah, A., Utami, W., Umar, H., & Mulyani, S. D. (2020b). The role of derivative instruments on risk relevance from emerging market non-financial companies. *Journal of Governance and Regulation*, *9*(3), 45–63. https://doi.org/10.22495/jgrv9i2art3
34. Garcia, M. D. P. R., Alejandro, K. A. C., Saenz, A. B. M., & Sanchez, H. H. G. (2017). Does an IFRS adoption increase value relevance and earnings timeliness in Latin America? *Emerging Markets Review*, *30,* 155–168. https://doi.org/10.1016/j.ememar.2016.11.001
35. Ghosh, P. K., Bairagi, R. K., & Mondal, A. (2020). Adoption of principle-based IFRS and intercompany comparability of operating performance. *Asian Journal of Accounting Research*, *5*(2), 341–352. https://doi.org/10.1108/AJAR-03-2020-0015
36. Gujarati, D. N., & Porter, D. C. (2009). Basic econometrics (5th ed.). McGraw-Hill/Irwin Companies, Inc.
37. Hanlon, M., & Heitzman, S. (2010). A review of tax research. *Journal of Accounting and Economics*, *50*(2–3), 127–178. https://doi.org/10.1016/j.jacceco.2010.09.002
38. Haryatih, H. (2016). Analisa pengaruh laba bersih dan arus kas terhadap return saham pada perusahaan food and beverages: Studi empiris di Bursa Efek Indonesia. *Jurnal Riset Keuangan Dan Akuntansi*, *2*(2), 1–12. https://doi.org/10.25134/jrka.v2i2.329
39. Hetiati, H., Kustiawan, M., & Fitriana, F. (2021). Pengaruh pemahaman kebijakan perpajakan, undang-undang perpajakan dan administrasi perpajakan terhadap penerapan perencanaan pajak. *Jurnal Syntax Transformation*, *2*(3), 324–335. Retrieved from http://jurnal.syntaxtransformation.co.id/index.php/jst/article/view/244
40. Houqe, M. N., Monem, R. M., Tareq, M., & van Zijl, T. (2016). Secrecy and the impact of mandatory IFRS adoption on earnings quality in Europe. *Pacific Basin Finance Journal*, *40*(Part B), 476–490. https://doi.org/10.1016 /j.pacfin.2016.08.002
41. Huang, P., Kabir, M. H., & Zhang, Y. (2017). Does corporate derivative use reduce stock price exposure? Evidence from UK firms. *Quarterly Review of Economics and Finance*, *65,* 128–136. https://doi.org/10.1016/j.qref.2017.02.004
42. Irawan, F., & Turwanto, T. (2020). The effect of tax avoidance on firm value with tax risk as moderating variable. *Test Engineering and Management*, *83,* 9696–9707. Retrieved from https://www.researchgate.net/publication /341079069_The_Effect_of_Tax_Avoidance_on_Firm_Value_with_Tax_Risk_as_Moderating_Variable
43. Irmawati, I., & Diana, F. (2016). Dampak konvergensi IFRS dan independensi auditor terhadap manajemen laba dan relevansi nilai informasi akuntansi. *Assets*, *6*(2), 210–220. Retrieved from https://journal.uin-alauddin.ac.id/index.php/assets/article/view/2903
44. Isaboke, C., & Chen, Y. (2019). IFRS adoption, value relevance and conditional conservatism: Evidence from China. *International Journal of Accounting and Information Management*, *27*(4), 529–546. https://doi.org/10.1108/IJAIM-09-2018-0101

45. Jiang, Y., Luo, L., Xu, J. F., & Shao, X. R. (2021). The value relevance of corporate voluntary carbon disclosure: Evidence from the United States and BRIC countries. *Journal of Contemporary Accounting and Economics*, *17*(3), 100279. https://doi.org/10.1016/j.jcae.2021.100279
46. Kanagaretnam, K., Mathieu, R., & Shehata, M. (2009). Usefulness of comprehensive income reporting in Canada. *Journal of Accounting and Public Policy, 28*(4), 349–365. https://doi.org/10.1016/j.jaccpubpol.2009.06.004
47. Kothari, S. P. (2001). Capital markets research in accounting. *Journal of Accounting and Economics*, *31*, 105–231. https://doi.org/10.2139/ssrn.235798
48. Kouki, A. (2018). IFRS and value relevance: A comparison approach before and after IFRS conversion in the European countries. *Journal of Applied Accounting Research*, *19*(1), 60–80. https://doi.org/10.1108/JAAR-05-2015-0041
49. Lau, C. K. (2016). How corporate derivatives use impact firm performance? *Pacific Basin Finance Journal*, *40*(Part A), 102–114. https://doi.org/10.1016/j.pacfin.2016.10.001
50. Mahardika, D. P. K. (2018). Berbahayakah instrumen derivatif dalam konteks akuntansi? *Jurnal AKuntansi Multiparadigma*, *9*(3), 417–436. https://doi.org/10.18202/jamal.2018.04.9025
51. Mayberry, M. A., McGuire, S. T., & Omer, T. C. (2015). Smoothness and the value relevance of taxable income. *Journal of the American Taxation Association*, *37*(2), 141–167. https://doi.org/10.2308/atax-51252
52. Meichyel, M., & Dewi, N. S. (2020). The value relevance and subjectivity of other comprehensive income. In *Proceedings of the 3rd Asia Pacific Management Research Conference (APMRC 2019)*. https://doi.org/10.2991/aebmr.k.200812.036
53. Midiastuty, P. P., Suranta, E., & Dita, L. O. (2020). Pengaruh book tax difference terhadap relevansi nilai informasi laba. *JURNAL Akuntansi Dan Bisnis : Jurnal Program Studi Akuntansi*, *6*(1), 1–12. https://doi.org/10.31289/jab.v6i1.2706
54. Murwaningsari, E., Utama, S., & Rossieta, H. (2015). The combined effects of financial derivatives and discretionary accruals on the value relevance of earnings and the book value of equity. *Gadjah Mada International Journal of Business*, *17*(2), 179–198. https://doi.org/10.22146/gamaijb.6909
55. Ohlson, J. A. (1995). Earnings, book values, and dividends in equity valuation. *Contemporary Accounting Research*, *11*(2), 661–687. https://doi.org/10.1111/j.1911-3846.1995.tb00461.x
56. Okafor, O. N., Anderson, M., & Warsame, H. (2016). IFRS and value relevance: Evidence based on Canadian adoption. *International Journal of Managerial Finance*, *12*(2), 136–160. https://doi.org/10.1108/IJMF-02-2015-0033
57. Oktavia, O., & Martani, D. (2013). Tingkat pengungkapan dan penggunaan derivatif keuangan dalam aktivitas penghindaran pajak. *Jurnal Akuntansi Dan Keuangan Indonesia*, *10*(2), 129–146.
58. Oktavia, O., Siregar, S. V. N. P., & Djakman, C. D. (2017). Dampak penerapan PSAK No. 50 Dan 55 (Revisi 2006) terhadap forward earnings response coefficient dan relevansi nilai dari derivatif keuangan: (Studi empiris pada perusahaan keuangan yang terdaftar di Bursa Efek Indonesia). *Jurnal Akuntansi*, *21*(3), 373–390. https://doi.org/10.24912/ja.v21i3.243
59. Oktaviana, E., Pratomo, D., & Sunarno. (2018). Pengaruh ukuran perusahaan, profitabilitas, dan leverage terhadap tax avoidance (Studi pada perusahaan otomotif yang terdaftar di bursa efek indonesia (bei) Tahun 2011–2015). *E-Proceeding of Management, 5*(3), 3652–3657. Retrieved from https://openlibrarypublications .telkomuniversity.ac.id/index.php/management/article/view/7433
60. Pebriyanti, D. M. D. S., Firmansyah, A., Wijaya, S., & Irawan, F. (2022). The CEO'S foreign experience and the CEO'S share ownership: Does tax aggressiveness matter? *Journal of Governance and Regulation*, *11*(1), 8–19. https://doi.org/10.22495/jgrv11i1art1
61. Rokhlinasari, S. (2015). Teori-teori dalam pengungkapan informasi corporate social responbility perbankan. *Al-Amwal: Jurnal Ekonomi Dan Perbankan Syari'ah*, *7*(1), 1–11. Retrieved from https://syekhnurjati.ac.id/jurnal /index.php/amwal/article/view/217
62. Ross, S. A. (1977). Determination of financial structure: The incentive-signalling approach. *The Bell Journal of Economics*, *8*(1), 23–40. https://doi.org/10.2307/3003485
63. Ryu, D. (2015). The information content of trades: An analysis of KOSPI 200 index derivatives. *Journal of Futures Markets*, *35*(3), 201–221. https://doi.org/10.1002/fut.21637
64. Sandy, S., & Lukviarman, N. (2015). Pengaruh corporate governance terhadap tax avoidance: Studi empiris pada perusahaan manufaktur. *Jurnal Akuntansi Dan Auditing Indonesia*, *19*(2), 85–98. https://doi.org/10.20885 /jaai.vol19.iss2.art1
65. Saputra, M. F., Rifa, D., & Rahmawati, N. (2015). Pengaruh corporate governance, profitabilitas, dan karakter eksekutif terhadap tax avoidance pada perusahaan yang terdaftar di BEI. *Jurnal Akuntansi Dan Auditing Indonesia Auditing Indonesia*, *19*(1), 1–12. https://doi.org/10.20885/jaai.vol19.iss1.art1
66. Sari, E. (2019). Adopsi international financial reporting standard (IFRS) terhadap kualitas laba. *Jurnal Akuntansi: Kajian Ilmiah Akuntansi*, *6*(2), 215–224. https://doi.org/10.30656/jak.v6i2.1161
67. Scott, W. R. (2015). *Financial accounting theory seventh edition*. Prentice-Hall, Inc.
68. Sianipar, G. A. E. M., & Marsono, M. (2013). Analisis komparasi kualitas informasi akuntansi sebelum dan sesudah pengadopsian penuh IFRS di Indonesia. *Diponegoro Journal of Accounting*, *2*(3), 1–11. Retrieved from https://ejournal3.undip.ac.id/index.php/accounting/article/view/3411
69. Silva, A., Jorge, S., & Rodrigues, L. L. (2021). Enforcement and accounting quality in the context of IFRS: Is there a gap in the literature? *International Journal of Accounting and Information Management*, *29*(3), 345–367. https://doi.org/10.1108/IJAIM-08-2020-0126
70. Sinarto, R. J., & Christiawan, J. J. (2014). Pengaruh penerapan IFRS terhadap relevansi nilai laba laporan keuangan. *Tax & Accounting Review*, *4*(1), 1–13. Retrieved from https://www.neliti.com/publications/158527 /pengaruh-penerapan-ifrs-terhadap-relevansi-nilai-laba-laporan-keuangan#cite
71. Spence, M. (1973). Job market signaling. *The Quarterly Journal of Economics*, *87*(3), 355–373. https://doi.org/10.2307/1882010
72. Srivastava, A., & Muharam, H. (2021). Value relevance of earnings and book values during IFRS convergence period in India. *Journal of Financial Reporting and Accounting*, *19*(5), 885–900. https://doi.org/10.1108/JFRA-11-2020-0321

73. Suprihatin, S., & Tresnaningsih, E. (2013). Dampak konvergensi international financial reporting standards terhadap nilai relevan informasi akuntansi. *Jurnal Akuntansi Dan Keuangan Indonesia*, *10*(2), 171–183. Retrieved from https://media.neliti.com/media/publications/73360-ID-none.pdf
74. Tarihoran, A. (2016). Pengaruh penghindaran pajak dan leverage terhadap nilai perusahaan dengan transparansi perusahaan sebagai variabel moderasi. *Jurnal Wira Ekonomi Mikroskil*, *6*(2), 149–164. Retrieved from https://www.mikroskil.ac.id/ejurnal/index.php/jwem/article/view/346
75. Trinh, V. Q., Elnahass, M., & Cao, N. D. (2021). The value relevance of bank cash holdings: The moderating effect of board busyness. *Journal of International Financial Markets, Institutions and Money*, *73,* 101359. https://doi.org/10.1016/j.intfin.2021.101359
76. Udeh, F. N., & Ezejiofor, R. A. (2018). Accounting information and deferred taxation: Evidence from deposit money banks in Nigeria. *International Journal of Academic Research in Business and Social Sciences*, *8*(10), 1052–1069. https://doi.org/10.6007/ijarbss/v8-i10/4800
77. Utomo, W., Andini, R., & Raharjo, K. (2016). Pengaruh leverage (DER), price book value (PBV), ukuran perusahaan (SIZE), return on equity (ROE), deviden payout ratio (DPR) dan likuiditas (CR) terhadap price earnings ratio (PER) pada perusahaan manufaktur yang listing di BEI tahun 2009–2014. *Journal of Accounting*, *2*(2), 1–13.
78. Wardana, D. P. (2017). Pengaruh book-tax differences dan struktur kepemilikan terhadap relevansi laba. *Jurnal Keuangan Dan Perbankan*, *1*(2), 1–15. Retrieved from http://jurnal.perbanas.id/index.php/JKP/article/view/17
79. Widarjono, A. (2013). *Ekonometrika: Pengantar dan aplikasinya*. Ekonisia FE UII.
80. Widodo, T. T., & Firmansyah, A. (2021). Does investors respond to tax avoidance and tax risk? *Bina Ekonomi*, *25*(1), 23–40. https://doi.org/10.26593/be.v25i1.5123.23-40
81. Windarto, A. P., Lubis, M. R., & Solikhun, S. (2018). Implementasi JST pada prediksi total laba rugi komprehensif bank umum konvensional dengan backpropagation. *Jurnal Teknologi Informasi Dan Ilmu Komputer (JTIIK)*, *5*(4), 411–418. https://doi.org/10.25126/jtiik.201854767
82. Wulandari, T. R., & Adiati, A. K. (2015). Perubahan relevansi nilai dalam informasi akuntansi setelah adopsi IFRS. *Jurnal Akuntansi Multiparadigma*, *6*(3), 412–420. https://doi.org/10.18202/jamal.2015.12.6033
83. Yamani, A., Hussainey, K., & Albitar, K. (2021). The impact of financial instruments disclosures on the cost of equity capital. *International Journal of Accounting and Information Management*, *29*(4), 528–551. https://doi.org/10.1108/IJAIM-02-2021-0052
84. Yudiman, A. T., Darmansyah, D., & Ahmar, N. (2017). Relevansi nilai net income, comprehensive income dan other comprehensive income pada perusahaan manufaktur. *Jurnal Ilmiah Professional Indonesia (JIPI)*, *1*(1), 1–16.