# Pengaruh Intensitas Modal, Insentif Pajak, *Financial Distress* dan *Leverage* Terhadap Konservatisme Akuntansi (Studi Empiris Pada Perusahaan Manufaktur Sub Sektor Makanan dan Minuman Yang Terdaftar di Bursa Efek Indonesia Periode 2016-2020)

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## ABSTRAK

Penelitian ini dilakukan pada periode 2016-2020 untuk melihat pengaruh intensitas modal, insentif pajak, financial distress, dan leverage terhadap konservatisme akuntansi pada perusahaan manufaktur pada subsektor makanan dan minuman. Proksi total aset dibagi penjualan digunakan untuk mengukur tingkat intensitas modal. Insentif pajak dihitung menggunakan proksi rencana pajak. Kemudian untuk financial distress diukur rumus Altman Z-score, dan leverage menggunakan proksi DER.

Sampel berdasarkan laporan keuangan perusahaan yang terdaftar di Bursa Efek Indonesia. Metode pemilihan purposive digunakan untuk memilih 23 organisasi sebagai sampel perusahaan untuk penelitian ini. Program SPSS versi 25 digunakan untuk menangani sampel, dan analisis regresi linier berganda digunakan untuk mengevaluasinya.

Riset ini menghasilkan kesimpulan bahwa variabel intensitas modal dan leverage tidak berpengaruh terhadap konservatisme akuntansi, sedangkan insentif pajak dan financial distress berpengaruh cukup besar terhadap konservatisme akuntansi. Kemudian secara bersama-sama variabel intensitas modal, insentif pajak, financial distress dan leverage berpengaruh signifikan terhadap konservatisme akuntansi.

Kata kunci:   Intensitas Modal, Insentif Pajak , Altman Z Score, DER, Konservatisme Akuntansi.

# Effect of Capital Intensity, Tax Incentives, Financial Distress, and Leverage Accounting Conservatism
## (Empirical Study on Manufacturing Companies in the Food and Beverage Sub-Sector Listed on the Indonesia Stock Exchange 2016-2020 Period)

## ABSTRACT

This research was conducted in the 2016-2020 period to look at the effect of capital intensity, tax incentives, financial distress, and leverage on accounting conservatism in manufacturing companies in the food and beverage sub-sector. The proxy of total assets divided by sales is used to measure the level of capital intensity. Tax incentives are calculated using a tax plan proxy. Then, the Altman Z-score formula is measured for financial distress and leverage using the DER proxy.

The sample was based from the financial statements of companies registered on the Indonesia Stock Exchange. The purposive selection method was used to select 23 organizations as sample companies for this study. The SPSS version 25 program was used to handle the samples, and multiple linear regression analysis was used to evaluate them.

This research leads to the conclusion that the variables of capital intensity and leverage have no impact on accounting conservatism, while tax incentives and financial distress have a considerable impact on accounting conservatism. Then together the variables of capital intensity, tax incentives, financial distress and leverage have an effect significant effect on accounting conservatism.

Keywords:    Capital Intensity, Tax Reduction, Altman Z Score, DER, Accounting Conservatism.

## INTRODUCTION

Preparation of financial statements because of the responsibility of management to creditors, investors, and the government. Financial reports according to IAI 2015 are structured presentations of information about finances and their performance within an entity. According to (Kasmir, 2019, p. 7) Financial statements are reports that reveal the current or previous financial condition of the entity. According to Fahmi in (Savitri, 2016, p. 5), financial statements provide financial information such as changes in financial statement elements to parties other than company management regarding the assessment of the company's financial performance.

(Savitri, 2016) says that accounting translates reporting that produces this true value in a fundamental quality. In disclosing this value, a concept called accounting conservatism emerged. (Hery, 2017, p. 48) in his book entitled Accounting Theory states that in this concept all losses that occur will be recognized immediately even though they have not yet occurred, but when a gain occurs, the value is not immediately recognized. This concept recognizes expenses and liabilities immediately even

though the results are still uncertain, but in contrast to income and assets which are only recognized when the results are certain. In this principle, losses must be recorded even though there is no certainty about losses, inversely proportional to gains that should not be recorded if there is no certainty (Savitri, 2016). This conservatism is a principle that is often mentioned in SAK. While in IFRS this principle is known as the principle of prudence. In this case, accounting no longer shows the actual value accurately, but tends to present a number that is lower than the actual value.

In the review of conservatism, there is a lot of debate about the pros and cons of this principle. A critique of conservatism in (Savitri, 2016) states that the use of this principle can result in conservative reporting of data that cannot be interpreted accurately, because the application of this precaution makes the reported figures tend to be low for the profitable part but on the positive side. adverse events tend to be displayed using the highest number, although with a low degree of certainty. Accounting conservatism also appears to contradict the objective of disclosing all relevant information. Aside from these concerns,

this idea can restrain managers' opportunistic behavior and aid to increase the company's value because it can limit payments made by opportunistic managers or other parties (Yanti & Oktari, 2018). Because if there is a transaction that benefits external parties, it must be further confirmed by the principles of accounting conservatism.

In the case of PT Garuda Indonesia (Persero) in 2018, this behavior may be observed in the use of accounting conservatism. In that year the company reported a profit of $809 thousand US dollars or equal to Rp. 1This behavior may be observed in the use of accounting conservatism1.33 billion (exchange rate of Rp. 14,000/USD). Whereas in the previous year the company still reported a loss of US$216.58 million. Quoted from CNN Indonesia, Wednesday (24/4/2018) This occurred as a result of a revenue transaction with PT Mahara Aero Teknologi, even though the company had not received payment from Mahara for the collaboration deal. Mahata cooperates directly with PT Citilink Indonesia, according to the Annual General Meeting of Shareholders (AGM) which was held on Wednesday (24/4). Through this agreement, the Garuda Indonesia Group

received a profit of US$239,940,000, including US$28,000,000 which was the profit-sharing between Garuda Indonesia and PT Sriwijaya Air. If we look at the financial statements of Garuda Indonesia in the last few years, it is quite a loss. In 2014 the company lost US$370.04 million and in 2015 the profit was US$76.48 million. However, in 2016 the company's profit fell to US$8.06 million, and in 2017 It had a loss of US$216.58 million.

In practice, this conservatism can be influenced by many factors including the intensity of capital. A study conducted by (Sinambela & Almilia, 2018) revealed that the intensity of capital has a relationship with the use of funds by the company. Because the funds used must be accounted for, the company requires the company to make a financial report. In making the value in the financial statement item, the company must carefully display each number written in the financial post or also known as applying accounting conservatism. This contradicts study by (Suharni et al., 2019), which found that capital intensity has no bearing on accounting conservatism application.

Another aspect that influences the application of this principle is tax incentives, which are tax breaks offered to

foreign and domestic investors for specific activities or locations that can affect economic activity. (Maulina, 2016 in (Sumantri, 2018)). Tax incentives are stimuli offered by the government to taxpayers to be motivated to carry out their tax obligations by tax provisions (Harini et al., 2020). In research conducted by (Sumantri, 2018) it was concluded that tax incentives influence accounting conservatism.

Financial distress can also have an impact on accounting conservatism. According to Setyaningsih in (Rasmon, 2021), financial difficulties in a company may force managers to modify their accounting conservatism level. This is because financial distress is a warning sign of impending bankruptcy due to the company's deteriorating financial status. The problem of the decline in the company's financial performance can be one of the reasons for investors to carry out a reshuffle of company managers, which in turn will result in the market value of the manager in the job market. This risk then motivates managers to arrange profit patterns in accounting reports which become one of the indicators for managers' work performance.

Another factor that can be related is Leverage (level of debt). Research conducted by (Ursula & Adhvinna, 2018) shows that for companies that have a lot of debt, the accounting approach can be an option to increase their financial ratios. ratio leverage influences the company to show good performance to creditors. As a result, when the corporation wants to seek additional credit from creditors, the entity will increase the value of assets and income while decreasing the value of liabilities and expenses, resulting in less conservative financial statements. This is in contrast to studies (Sumantri, 2018) that find leverage has no impact on accounting conservatism.

## RESEARCH METHODOLOGY
### Research Variables

Accounting conservatism is used as the research's dependent variable. The principle of conservatism is a precautionary approach that is used in uncertain situations to keep management and business owners from being too optimistic (Sulastri & Anna, 2018).

Capital intensity is one of the many pieces of evidence of the political cost hypothesis because a company can be said to be large if many of the company's business assets

are used to increase product sales for the company. (Savitri, 2016).

According to Maulina (2016) in (Sumantri, 2018) Tax incentives are tax services that can be utilized by foreign and domestic investors for activities or at certain locations that can have an impact on economic activities.

Financial distress is a symptom of a company's financial difficulties which are indicated by a decrease in sales value, and the company's credit payments crash (Aprilyanti & Sugiakto, 2020).

Leverage refers to capability of the company to achieve its goals through the use of assets and/or assets with fixed costs (debt and/or special shares) (Theresia & Jenni, 2018).

## Operational research variable

| No | Variable | Formula | Scale |
|----|----------|---------|-------|
| 1 | Capital Intensity (X1) | $Capital\ Intensity = \dfrac{Total\ Assets}{Total\ Sales}$ | Ratio |
| 2 | Tax Intensive (X2) | $Tax\ Plan\ (TP) = \dfrac{PPH\ rate \times (PTI - CTE)}{Total\ Assets}$ | Ratio |
| 3 | Financial Distress (X3) | $Zi = 0.717t_1 + 0.847t_2 + 3.107t_3 + 0.42t_4 + 0.998t_5$ | Ratio |
| 4 | Leverage (X4) | $DER = \dfrac{Total\ Debt}{Total\ Capital}$ | Ratio |
| 5 | Accounting Conservatism (Y) | $CONACC = \dfrac{((NIO + DEP) - CFO)}{TA} \times (-1)$ | Ratio |

## Population and Sample

In the 2016 - 2020 period there are 62 companies from the food sub-sector and beverages are the population of this study. then the purposive sampling method was used to select the research sample based on the following conditions:

1. Manufacturing businesses in the food and beverage sub-sector listed on the Indonesia Stock Exchange from 2016 to 2020.

2. Manufacturing enterprises in the food and beverage sub-sector that have not filed financial reports in a timely manner from 2016 to 2020.

3. Manufacturing enterprises in the food and beverage sub-sector that have losses from 2016-2020.

Based on these criteria, in the end, 23 companies were selected as samples with a financial reporting period of 5 years, so 115 research sample data were collected.

## Data Analysis Method

The data was processed and the association between the dependent and independent variables was determined using the SPSS version 25 program in this study. Data analysis used the following techniques:

1. Descriptive statistical

2. Classical assumption test (normality test, multicollinearity, autocorrelation, and heteroscedasticity)

3. Statistical test (Coefficient of determination test and multiple linear regression analysis)

4. Hypothesis test (T-test and F test)

## RESULTS AND DISCUSSION

Results Descriptive Statistics Test

The results of the tests carried out as seen in the following table:

**Descriptive Statistics**

|  | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Intensitas Modal | 115 | .224 | 3.614 | 1.22824 | .708837 |
| Insentif Pajak | 115 | .000 | .133 | .02182 | .021150 |
| Financial Distress | 115 | .656 | 6.006 | 2.57391 | 1.239777 |
| Leverage | 115 | .164 | 2.683 | .93417 | .626679 |
| Konservatisme Akuntansi | 115 | -.248 | .171 | -.04190 | .065873 |
| Valid N (listwise) | 115 |  |  |  |  |

Source: SPSS version 25 data processing results.

There are (N) 115 samples from 23 food and beverage sub-sector businesses listed on the Indonesia Stock Exchange (IDX) between 2016 and 2020, according to the findings of the descriptive statistical test in the table above. As a result, the following conclusions can be drawn:

The mean of the total asset to sales ratio, which represents the independent variable capital intensity (X1), is 1.22824, with a standard deviation of 0.708837. A capital intensity ratio with a minimum of 0.224 and a maximum of 3.614.

The mean of the independent variable tax incentive (X2) is 0.2182 with a standard deviation of 0.0211550. Tax breaks with a minimum of 0.000 and a maximum of 0.133.

The independent variable is financial distress (X3 means 2.57391 which means that the average sample company is safe from bankruptcy, then the standard deviation value is 1.239777. The minimum value in this variable is 0.656 and the maximum value is 6.06.

Independent variable leverage (X4) which is calculated using DER (Debt to Equity Ratio) shows a mean of 0.93417 with a standard deviation of 0.626679. The minimum value in this variable is 0.164 with a maximum value of 2.683.

The dependent variable of accounting conservatism measured using the CONACC formula shows the mean of -0.04190 with a standard deviation of 0.065873. The minimum value obtained is -0.248 while the maximum value is 0.171.

**Classical Assumption**

## Normality Test

**One-Sample Kolmogorov-Smirnov Test**

| | | Unstandardized Residual |
|---|---|---|
| N | | 115 |
| Normal Parameters[a,b] | Mean | .0000000 |
| | Std. Deviation | .05784674 |
| Most Extreme Differences | Absolute | .053 |
| | Positive | .049 |
| | Negative | -.053 |
| Test Statistic | | .053 |
| Asymp. Sig. (2-tailed) | | .200[c,d] |

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: Results of SPSS Version 25 data processing

the value of Asymp. sig (2-tailed) is shown in the table above of 0.200. This value is above 0.05 which indicates that the distribution of research data is normal

## Multicollinearity Test

**Coefficients[a]**

| Model | | Collinearity Statistics | |
|---|---|---|---|
| | | Tolerance | VIF |
| 1 | (Constant) | | |
| | Intensitas Modal | .733 | 1.364 |
| | Insentif Pajak | .692 | 1.444 |
| | Financial Distress | .383 | 2.610 |
| | Leverage | .625 | 1.599 |

a. Dependent Variable: Konservatisme Akuntansi

Source: SPSS version 25 data processing

The tolerance for the capital intensity variable is 0.733, with a VIF of 1.364, while the tolerance for the tax incentive variable is 0.692, with a VIF of 1.444. The tolerance for financial distress is 0.383 with a VIF of 2.610, while the leverage tolerance is 0.625 with a VIF of 1.599. The variables of capital intensity, tax incentives, financial distress, and leverage have a tolerance > 0.10 and a VIF value < 10 based on these findings. This equation is worth exploring because the regression model in this study concludes that there is no multicollinearity between independent variables. Furthermore.

## Autocorrelation Test

**Model Summary[b]**

| Model | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|
| 1 | .058889 | 1.848 |

a. Predictors: (Constant), Leverage, Intensitas Modal, Insentif Pajak, Financial Distress

b. Dependent Variable: Konservatisme Akuntansi

Source: SPSS version 25 data processing results

Durbin-Watson has a value of 1.848 with a total sample (n) of 115, k (independent variable) = 4, therefore it can be seen in the DW table and acquired the value of dU = 1.7683, and (4 – dU) = 4 - 1.7683 = 2.2317. The conclusion that can be drawn from this test is that the DW result lies between dU and (4 – dU), namely, 1.7683 < 1.848 < 2.23117. As a result, the

conclusion is that the regression model used in this investigation has no autocorrelation issues.

**Heteroscedasticity Test**
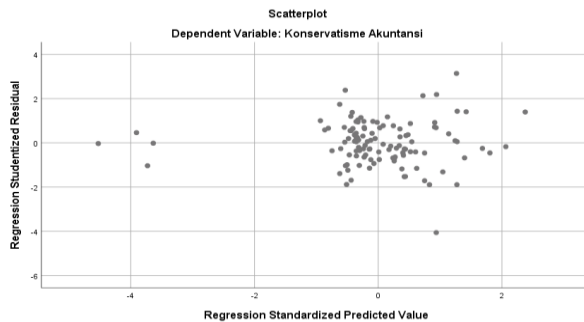


Source: the outcomes of data processing using SPSS version 25

The scatterplot diagram shows that the points are randomly distributed and are either above or below 0 on the Y axis, with no discernible consistency. As a result, it may be stated that there is no heteroscedasticity in the study.

**Statistical Test**

**Test the Coefficient of Determination**

**Model Summary**[b]

| Model | R | R Square | Adjusted R Square |
|---|---|---|---|
| 1 | .478[a] | .229 | .201 |

a. Predictors: (Constant), Leverage, Intensitas Modal, Insentif Pajak, Financial Distress
b. Dependent Variable: Konservatisme Akuntansi

Source: SPSS version 25 data processing Results

According to the above table, the findings of the coefficient of determination test on R square ($R^2$) have a value of 0.229 or 22.9 percent. Independent variables like capital intensity, tax incentives, financial difficulty, and leverage on the dependent variable, accounting conservatism, all have an impact on this value. While the rest worth 0.771 or (77.1%) is the influence of other variables outside the research variables. As a result, a value of R square that approaches zero indicates that the ability of the independent variables (capital intensity, tax incentives, financial distress, and leverage) to provide an overview of the dependent variable (accounting conservatism) is limited. Because the results are near zero, the independent variables in this study are unable to explain all of the data required to estimate the dependent variable's variance.

**Multiple Linear Regression Test**

**Coefficients**[a]

| Model | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|
| 1 (Constant) | -.086 | .031 | | -2.789 | .006 |
| Intensitas Modal | .017 | .009 | .181 | 1.849 | .067 |

| | | | | | |
|---|---|---|---|---|---|
| Insentif Pajak | -1.473 | .313 | -.473 | -4.699 | .000 |
| Financial Distress | .024 | .007 | .456 | 3.371 | .001 |
| Leverage | -.007 | .011 | -.066 | -.621 | .536 |

a. Dependent Variable: Konservatisme Akuntansi

Source: the outcomes of data processing using SPSS version 25

Based on the table, a multiple linear regression model can be made for this study, namely:

$$Y = -0.086 + 0.017\ IM - 1,473\ IP + 0.024\ FD - 0.007\ LEV + e$$

Equations in regression above can be described in this section:

1. The constant (α)

   The constant has a value of -0.086, which means that if the independent variable (capital intensity, tax incentives, financial distress, and leverage) is 0, then the dependent variable (accounting conservatism) has a value of -0.086.

2. Capital intensity on accounting conservatism

   The coefficient on this variable is 0.017, meaning that if the other independent variables remain constant and capital intensity increases by one unit, then accounting conservatism will increase by 0.017

3. Tax incentives on accounting conservatism

   The tax incentive variable has a coefficient value of - 1.473, the meaning is that if other independent variables have a fixed value and tax incentives increase by 1 unit, then accounting conservatism will decrease by 1.473.

4. Financial distress on accounting conservatism

   Variable financial distress has a coefficient value of -0.024, meaning that if the other independent variables have a stable value and financial distress there is an increase of 1 unit, then the accounting conservatism will increase by 0.024.

5. Leverage on accounting conservatism

   Variable Leverage has a coefficient of -0.007, which means that if all other independent variables remain stable and leverage increases by one unit, accounting conservatism will decrease by 0.007.

**Hypothesis Test**

**Partial Significance Test (T-Test)**

The t-test was used to see if there was a link between the independent factors (capital intensity, tax incentives, financial

distress, and leverage) and the dependent variable (accounting conservatism). The following is a table with the test results:

**Coefficients$^a$**

| Model | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|
| 1 (Constant) | -.086 | .031 | | -2.789 | .006 |
| Intensitas Modal | .017 | .009 | .181 | 1.849 | .067 |
| Insentif Pajak | -1.473 | .313 | -.473 | -4.699 | .000 |
| Financial Distress | .024 | .007 | .456 | 3.371 | .001 |
| Leverage | -.007 | .011 | -.066 | -.621 | .536 |

a. Dependent Variable: Konservatisme Akuntansi

Source: results of SPSS version 25 data processing

After looking at the table above, the following hypothetical conclusions can be drawn:

1. The effect of capital intensity on accounting conservatism

   In the test results, the variable of capital intensity, as assessed by the proxy of total assets divided by sales, produces a significance value of 0.067 > 0.05, indicating that this variable has no significant effect on accounting conservatism. As a result, the research hypothesis (H1) is rejected, and it is found that capital intensity does not have a major impact on accounting conservatism.

2. The effect of tax incentives on accounting conservatism

   The tax incentive variable as measured by the tax plan proxy has a significance value of 0.000 <0.05, which means that the tax incentive variable has a significant effect on accounting conservatism. So that the research hypothesis (H2) can be accepted, it is concluded that tax incentives have a significant effect on accounting conservatism.

3. The effect of financial distress on accounting conservatism.

   The financial distress variable proxied by the Altman Z-score formula has a significance level of 0.001 < 0.05, this indicates that the financial distress variable has a significant effect on accounting conservatism. So the hypothesis in the study (H3) is accepted, and it is concluded that financial distress has a significant effect on accounting conservatism.

4. Effect leverage on accounting conservatism

   The leverage variable as measured by the DER proxy has a significance value of 0.536 > 0.05, indicating that the

leverage variable does not have a significant effect on accounting conservatism. so that the research hypothesis (H4) cannot be accepted, and it is concluded that leverage is not able to affect the application of accounting conservatism.

**Simultaneous Significance Test (F Test)**

The simultaneous F test is used to examine the extent to which the independent factors influence the dependent variable at the same time (together). The results of the simultaneous F test are shown in the table below:

**ANOVAa**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | .113 | 4 | .028 | 8,160 | 000b |
| | Residual | .381 | 110 | .495 | | |
| | Total | 0.003 | 114 | | | |

a. Dependent Variable: Accounting Conservatism

b. Predictors: (Constant), Leverage, Capital Intensity, Tax Incentives, Financial Distress

Source: results of SPSS version 25 data processing

From the table above, it can be seen that the Sig 0.000 result is smaller than the 0.05 significance level. With a value of Sig < 0.05, the hypothesis in this study (H5) can be accepted and it can be concluded that the variables of capital intensity, tax incentives, financial distress, and leverage simultaneously affect accounting conservatism as measured by the CONACC formula.

**DISCUSSION**

**The Effect of Capital Intensity on Accounting Conservatism**

According to hypothesis testing, the capital intensity variable has no effect on accounting conservatism at a significance level of 0.067, which is greater than 0.05. As a result, the research hypothesis (H1) is denied, and capital intensity does not affect accounting conservatism. This means that while implementing accounting conservative requirements, managers cannot take into account the amount of capital intensity in manufacturing enterprises in the food and beverage sub-sector.

The findings of this study corroborate the results of research from (Daryatno & Santioso, 2020) which finds that capital intensity has no impact on the application of accounting conservatism. Because it is related to the assumption that capital intensity is a political cost that occurs due to several changes in applicable regulations that have an impact on the company but do not have a direct effect on funding within the company. So that changes in capital intensity do not become

a determining factor in the application of the principle of conservatism in financial statements.

However, the results of the study contradict the results of research conducted by (Rivandi & Ariska, 2019) and (Sinambela & Almilia, 2018) which state that capital intensity has a negative effect on accounting conservatism.

## The Effect of Tax Incentives on Accounting Conservatism

The significance level of tax incentives is 0.000 < 0.05 based on the results of hypothesis testing for the tax incentive variable, indicating that it affects conservatism. So, if the study's hypothesis (H2) is adopted, it may be concluded that tax breaks have a large impact on accounting conservatism. This demonstrates that managers can take into consideration government tax breaks when implementing accounting procedures.

The findings of this study correspond with those of (Sumantri, 2018), who found that tax breaks affect accounting conservatism. This demonstrates that the government's tax incentives act as a catalyst for managers to decrease the tax burden by enhancing the use of accounting conservatism standards.

## The Effect of Financial Distress on Accounting Conservatism

According to the hypothesis testing results, financial strain has an effect on accounting conservatism with a significance level of 0.001, the value is less than 0.05. As a result of the study's stated hypothesis (H3) being accepted, it can be concluded that the financial crisis has a major effect on accounting conservatism.

The results of the t-test show the positive effect of financial distress on accounting conservatism, the high value of financial distress will increase the application of the level of accounting conservatism. Conversely, if the company's financial distress decreases or is heading towards bankruptcy, the value of the application of accounting conservatism of a company will be lower. Because when the company is headed for bankruptcy, managers will implement policies that increase profits and reduce debt levels. Meanwhile, when the company is in a safe zone, managers will be careful in reporting profits.

This is in line with research from (Rahayu et al., 2018) which says that financial distress has a positive influence on accounting conservatism.

## The Effect Leverage on Accounting Conservatism

Based on the results of the hypothesis testing the leverage effect on accounting conservatism with a significance level of 0.536, the value is greater than 0.05. So the hypothesis in the study (H4) is not accepted, and it can be concluded that leverage has no significant effect on accounting conservatism.

The results of the study which show that leverage does not affect conservatism mean that high levels of debt in manufacturing companies in the food and beverage sub-sector cannot influence managers to change accounting conservatism policies in their financial statements. Because companies have earned the trust of creditors to manage their funds properly, companies no longer have to try to improve their debt ratios. Then this manufacturing company does not only get funds from creditors or debt but also investors or shares sold on the Indonesia Stock Exchange.

The findings of this study agree with those of (Suharni et al., 2019) and (Sumantri, 2018), who found that leverage has little bearing on accounting conservatism.

However, this study is not in line with research conducted by (Ursula & Adhvinna, 2018) and which states that leverage influences accounting conservatism.

**Effects of Capital Intensity, Tax Incentives, Financial Distress, and Leverage on Accounting Conservatism**

Based on the results of the tests that have been carried out, it can be concluded that capital intensity, tax incentives, financial distress, and leverage simultaneously affect accounting conservatism. This can be seen from the results of the F test with a probability value (Sig) of 0.000. It can be concluded that H5 is accepted because sig < 0.05.

**CONCLUSION**

The purpose of this study was to see how capital intensity, tax incentives, financial distress, and leverage influence the application of the principle of accounting conservatism in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange. Based on the introduction, broad description of the theory, data processing, and previous debates, it is possible to conclude: Capital intensity has no effect on the application of accounting conservatism standards. The t-test results in a sig value of 0.067, which is more than 0.05, indicating that H1 is rejected. Tax incentives influence the use of the accounting conservatism

principle. The t-test results in a sig value of 0.000, which is less than 0.05, indicating that H2 is acceptable. The application of the principle of accounting conservatism is influenced by the financial crisis. The t-test results in a sig value of 0.001, which is less than 0.05, indicating that H3 is accepted. The implementation of the principle of accounting conservatism is unaffected by leverage. The t-test results in a sig value of 0.536, which is greater than 0.05, indicating that H4 is rejected.

## SUGGESTION

Based on the findings of prior study and discussion, the authors make the following recommendations for further research: Aside from the variables explored at this time, future study is likely to use other elements that are thought to influence accounting conservatism. Further study can be conducted to assess the extent of accounting conservatism using alternative assessment approaches, such as the market model. This study's sample is limited to the food and beverage sub-sector; however, it is intended that future research would include all sectors listed on the Indonesia Stock Exchange.

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