

The Influence of Operating Cash Flow and Tax Expense on Net Profit in the Six Largest Banking Companies Listed on the IDX during the Period 2020-2024

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ABSTRACT

The purpose of this research is to ascertain how operating cash flow and tax expenses affect net profit for the six biggest banks listed on the IDX between 2020 and 2024. The six biggest banks listed on the IDX between 2020 and 2024 make up the study's population. The non-probability sampling with a saturated sample approach is used in this study. The financial statements for the period 2020–2024, which were sourced from each company's official website, serve as secondary data for the study. Using SPSS 24 software, multiple regression is the data analysis technique employed in this investigation. The findings indicate that, for the six biggest banks listed on the IDX between 2020 and 2024, operating cash flow has no discernible impact on net profit. In the meantime, for the same firms and time period, tax expenses have a negative impact on net profit. The Adjusted R-Square value, as determined by the coefficient of determination test, was 0.691, or 69.1%. This indicates that operating cash flow and tax expenses combined account for 69.1% of the fluctuation in net profit, with additional factors beyond the scope of this study influencing the remaining 30.9%.



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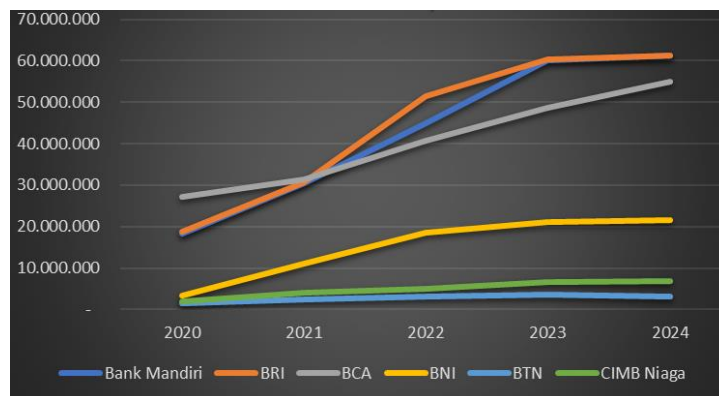
INTRODUCTION

The expansion of Indonesia's banking industry is a key factor in the country's economic expansion. As financial intermediary organizations, banks are in charge of gathering and allocating public monies as well as acting as gauges of the state of the economy of a nation. Investors, regulators, and the general public are among the stakeholders who are very concerned about the financial performance of banks as shown in financial statements, especially net profit. Pantjaningsih (2022) states that net profit, which is shown in the income statement, is the difference between total revenues and total costs for a certain time period after income tax is subtracted. Optimal operational operations are supported by high profit levels.

Despite worldwide obstacles, such as the Covid-19 epidemic at the start of the decade, the Indonesian banking industry's 2020–2024 phenomena demonstrates a notable increase in net profit across the majority of big banks. There is a clear rising tendency, according to data from Indonesia's six biggest banks. The net profit of Bank Mandiri increased from IDR 18.39 trillion in 2020 to IDR 61.16 trillion in 2024. In a similar vein, Bank Rakyat Indonesia (BRI) more than quadrupled its profit to IDR 61.16 trillion by 2024 from IDR 18.66 trillion in 2020.

From IDR 27.15 trillion in 2020 to IDR 54.85 trillion in 2024, Bank Central Asia (BCA) likewise showed steady development. By 2024, Bank Negara Indonesia (BNI) had more than doubled from IDR 3.32 trillion in 2020 to IDR 21.66 trillion. Bank Tabungan Negara's (BTN) net profit increased fluctuatingly from IDR 1.60 trillion in 2020 to IDR 3.50 trillion in 2023, but then slightly decreased to IDR 3.01 trillion in 2024, in contrast to the other major banks. From IDR 2.01 trillion in 2020 to IDR

6.90 trillion in 2024, CIMB Niaga also continuously shown a slow growth tendency. This is seen in the following figure.



Source: Processed Data by Researcher (2025)

Figure 1. Net Profit Development in the Last Five Years up to 2024

Although the growth patterns differ throughout banks, the performance of the six biggest banks in Indonesia during the last five years has demonstrated a notable increase in net profit, as seen in the above chart. With comparatively steady growth patterns, the three main banks Bank Mandiri, BRI, and BCA continued to generate the most portion of profit year after year. This suggests solid foundations, successful asset and liability management plans, and consistently high operational effectiveness. BNI, BTN, and CIMB Niaga, however, showed more dynamic development trends. Despite BNI's notable profit increase, post-pandemic asset quality enhancements and cost-cutting measures had a major impact. Because of its home loan portfolio's susceptibility to macroeconomic events, BTN has difficulty sustaining earnings stability. In the meanwhile, CIMB Niaga continued to develop gradually and perform quite well, demonstrating its capacity to consistently maintain profitability.

The basic elements that affect financial performance, especially as shown in cash flow and income statements, are inextricably linked to the trend of rising net profit among the six biggest banks. Operating cash flow is a crucial metric that shows how well a business can produce cash from its core operations. High operational cash flow helps company continuity and is a sign of strong liquidity, claim Asmoro and Yuardini (2018). More steady revenue is typically correlated with higher operational cash flow, which promotes the rise of net profit. According to earlier study by Pantjaningsih (2022), operating cash flow increases net profit. Akla and Maretha (2022) discovered similar outcomes and came to the conclusion that operational cash flow influences net profit in a beneficial way. These results suggest that businesses have a greater chance of increasing net profit if operational cash flow is larger. Fathony et al. (2023), however, presented conflicting results, concluding that operational cash flow had no effect on net profit.

In addition to operational cash flow, tax expenditure is another element that might affect net profit. Purdiansyah and Nurasik (2018) assert that taxes are a duty that businesses must fulfill in compliance with relevant tax laws. The amount of tax cost immediately lowers earnings before taxes, which has an impact on the net profit that businesses report. In other words, the net profit made decreases when the tax expenditure increases and vice versa. According to research by Suryani et al. (2023), tax expenses have a detrimental impact on net profit. Purwanto (2021), who also discovered that tax expenditure affects net profit, is in agreement with this conclusion. On the other hand, Hidayat's (2018) study found that tax expenses had a beneficial impact on net profit to a certain extent. Likewise, Sapitri et al. (2025) discovered that tax expenditures have a favorable impact on business earnings.

It may be inferred from the occurrence and the findings of other studies that there is still a study gap in the understanding of how operational cash flow and tax cost affect net profit. Further study is made possible by this, especially in the banking industry, which differs from real sector businesses in terms of rules, revenue structure, and liability management. Banks are financial intermediary organizations that mostly depend on stable cash flows and adherence to tax laws. Because of this, it is becoming more and more pertinent and crucial to analyze the variables influencing net profit in the banking industry. With regard to the factors that influence net profit in banking organizations, this

study is anticipated to make empirical contributions to the advancement of accounting and financial theory. In order to optimize profitability, bank management may also use this study as a practical guide to better manage cash flows and tax responsibilities. It is anticipated that the research findings would help investors and other stakeholders make better investment decisions by offering more information about evaluating banks financial performance. Therefore, this study aims to analyze “The Influence of Operating Cash Flow and Tax Expense on Net Profit in the Six Largest Banking Companies Listed on the IDX during the Period 2020–2024.”

LITERATURE REVIEW

Signaling Theory

When information asymmetry exists, corporate insiders (management) have more knowledge about the company's prospects and conditions than do external parties (investors), according to Spence's (1973) introduction of the signaling theory. According to Makalalag et al. (2023), signaling theory describes the steps taken by management of a firm to give investors indications about how management views the company's prospects. Accounting data like operating cash flow, net profit, and tax expense are examples of signals that management sends to outside parties in the context of financial statements. Consequently, signaling theory can be used to explain the relationship between operating cash flow and tax expense on net profit, where management uses financial statements as a channel to convey crucial information that could affect the choices made by creditors, investors, and other stakeholders.

Net Profit

In order to generate cash flows from current resources and to make decisions about how well the company is using additional resources, PSAK No. 1 states that profit information is required in order to evaluate changes in the potential economic resources that may be controlled in the future (IAI, 2007). Net profit is defined as the profit less all business expenditures, including tax charges, during a specific time period (Kasmir, 2021:05). A company's net profit, or revenue after operational costs and income taxes are subtracted, indicates its level of profitability. Earnings after tax is the profit after taxes are subtracted, according to Fahmi (2020:101). It is sometimes known as the company's net income or net profit. On the other hand, if the company experiences losses, the net loss is the last number on the income statement. According to Suryani et al. (2023), net profit is the sum of net sales less operational costs and income tax, less the cost of products sold.

Operating Cash Flow

According to Kariyoto (2017:178), cash flow analysis includes all changes that impact cash in the areas of financing, investing, and operating operations. The entity's primary revenue-generating operations, along with additional non-investment and non-financing activities, are referred to as operating activities in PSAK No. 2 (2015). High operating cash flow, according to Asmoro and Yuardini (2018), indicates strong liquidity and promotes the long-term viability of the company. Increased operating cash flow often corresponds to more consistent sales, which promotes the rise of net profit. Operating cash flow has a beneficial impact on net profit, according to earlier study by Pantjaningsih (2022). Akla and Maretha (2022) reported similar results, indicating that operational cash flow had a partly positive impact on net profit. These results suggest that a company's chances of increasing net profit are positively correlated with its operational cash flow. In light of this description, the study's hypothesis is:

H1: Operating Cash Flow has an effect on Net Profit.

Tax Expense

A company's overall tax liability for the current period, including both current and deferred taxes, is known as its tax cost, according to Musdalifah et al. (2023). Based on accounting income recorded within a certain time period, this expenditure is computed and then modified in compliance with relevant tax laws. Net profit and tax expenditure are tightly linked since the higher the company's tax charge, the less net profit it may declare, and vice versa. According to research by Suryani et al. (2023), tax expenses have a negative impact on net profit. This outcome is in line with Purwanto's (2021) findings that tax expenses have an impact on net profit. However, Hidayat (2018) found that tax expenses had a favorable impact on net profit to a certain extent. Similarly, tax expenses have a

favorable impact on business earnings, according to Sapitri et al. (2025). In light of this description, the study's hypothesis is:

H2: Tax Expense negatively affects Net Profit.

From the above discussion, the research framework in this study can be illustrated as follows:

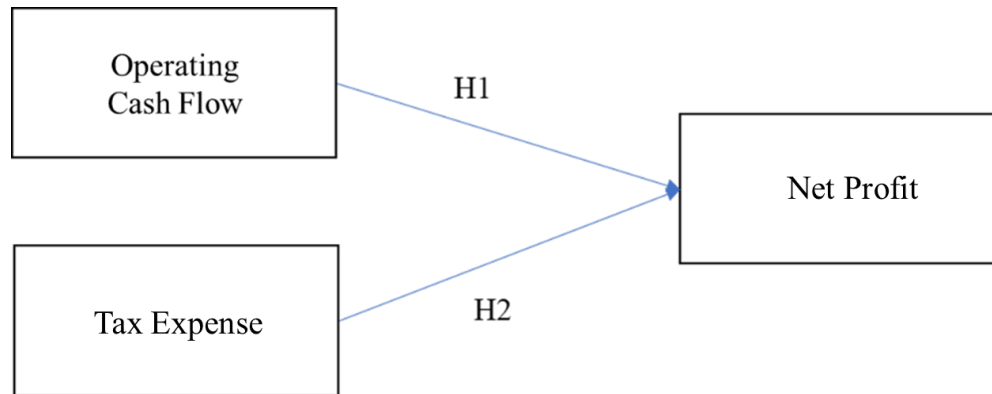


Figure 2. Research Framework

RESEARCH METHOD

The purpose of this study was to analyze a sample taken from the population in order to quantitatively explain the trends of the population characteristics. There are two independent factors and one dependent variable in this study. Operating cash flow and tax expense are the independent variables in this study, while net profit is the dependent variable. Each variable's measurement is shown in the table below:

Table 1. Variable Measurement

No	Variable	Indicator	Measurement Scale
1	Net Profit (Y)	Ln Net Profit	Ratio
2	Fathony et al. (2023) Operating Cash Flow (X1)	$AKO = \frac{\text{Total Operating Cash Flow}}{\text{Current Liabilities}}$	Ratio
3	Sianturi et al. (2022) Tax Expense (X2)	$BPK = \frac{\text{Current Tax Expense}}{\text{Total Assets in Period } t}$	Ratio
	Halawa (2023)		

The study population comprises the six biggest banks that were listed on the IDX between 2020 and 2024. The non-probability sampling using a saturated sample approach, which uses every member of the population as a research sample, is the sampling strategy employed (Sugiyono, 2019). The secondary data included in the study are financial statements covering the years 2020–2024. Each company's own website provided the data. Multiple regression analysis was employed in this investigation with the aid of SPSS 24 software. The normality, multicollinearity, heteroscedasticity, and autocorrelation tests are among the traditional assumption tests that will be performed prior to the regression analysis.

RESULTS AND DISCUSSION

Normality Test

The normality of the data in this study was tested using the Kolmogorov-Smirnov test. The results are presented in Table 2 below:

Table 2. Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		30
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,65379267
Most Extreme Differences	Absolute	,102
	Positive	,098
	Negative	-,102
Test Statistic		,102
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: Data Processed with SPSS 24 (2025)

The results show a significance value of 0.200, which is greater than 0.05. Thus, it can be concluded that the residual data are normally distributed.

Multicollinearity Test

Multicollinearity was tested using correlation analysis among independent variables and the calculation of Variance Inflation Factor (VIF). The results are shown below:

Table 3. Multicollinearity Test Results

Model	Tolerance	VIF
Operating Cash Flow	,995	1,005
Tax Expense	,995	1,005

Source: Data Processed with SPSS 24 (2025)

The results indicate that each variable has a Tolerance > 0.1 and VIF < 10, which means the data are free from multicollinearity problems.

Heteroscedasticity Test

Heteroscedasticity was tested using the Glejser test. The results are presented in Table 4:

Table 4. Heteroscedasticity Test Results

Variable	Sig
Operating Cash Flow	0,328
Tax Expense	0,204

Source: Data Processed with SPSS 24 (2025)

The significance values for operating cash flow 0.328 and tax expense 0.204 are greater than 0.05. Thus, it can be concluded that heteroscedasticity does not occur in the data.

Autocorrelation Test

According to Santoso (2015), Durbin-Watson values are interpreted as follows: a value below -2 indicates positive autocorrelation, a value between -2 and +2 indicates no autocorrelation, and a value above +2 indicates negative autocorrelation. The results are shown in Table 5:

Tabel 5. Hasil Pengujian Autokorelasi

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,844 ^a	,712	,691	,67757	,841

Source: Data Processed with SPSS 24 (2025)

The results of the autocorrelation test in the table above show a Durbin-Watson value of 0.841, which falls between -2 and +2. Thus, it can be concluded that the data in the model of the research variables does not exhibit autocorrelation.

Multiple Regression Analysis

The results of the multiple regression test are shown in Table 6:

Table 6. Multiple Regression Results

Model	B	t	Sig.
(Constant)	14,334	44,768	,000
Operating Cash Flow	-2,073	-,899	,377
Tax Expense	-460,491	8,040	,000

a. Dependent Variable: LABABERSIH

Source: Data Processed with SPSS 24 (2025)

The regression equation is as follows:

$$\text{Net Profit} = 14.334 - 2.073 \text{ Operating Cash Flow} - 460.491 \text{ Tax Expense} + e$$

Hypothesis Testing

T-Test

The t-test examines the effect of each independent variable individually on the dependent variable. The results are presented in Table 7:

Table 7. Hypothesis Testing (t-Test)

Variable	Beta	t-statistik	Sig.	Conclusion
Operating Cash Flow	-2,073	-,899	,377	H1 Rejected
Tax Expense	-460,491	8,040	,000	H2 Accepted

Source: Data Processed with SPSS 24 (2025)

First Hypothesis (H1)

The beta value for the operating cash flow variable is -2.073 with a t-statistic value of -0.899, which is smaller than the t-table value of 1.697, and a significance value of 0.377 > 0.05. Thus, the first hypothesis (H1) is rejected, leading to the conclusion that operating cash flow does not have a significant effect on net income in the 6 largest banking companies listed on the IDX for the period 2020–2024.

Second Hypothesis (H2)

The beta value for the tax expense variable is -460.491 with a t-statistic value of 8.040, which is greater than the t-table value of 1.697, and a significance value of 0.000 < 0.05. Thus, the second hypothesis (H2) is accepted, leading to the conclusion that tax expense has a negative effect on net income in the 6 largest banking companies listed on the IDX for the period 2020–2024.

F-Test

The F-test essentially shows whether all independent variables included in the model simultaneously influence the dependent variable (Ghozali, 2013:98). If the sig. value is smaller than the alpha value (5%), it can be said that there is an influence of the independent variables on the dependent

variable simultaneously. The results of the simultaneous hypothesis testing can be seen in the following table:

Table 8. Hypothesis Test Results with F-Test

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30,662	2	15,331	33,393	,000 ^b
	Residual	12,396	27	,459		
	Total	43,058	29			

a. Dependent Variable: LABABERSIH

b. Predictors: (Constant), BPK, AKO

Source: Data Processed with SPSS 24 (2025)

The calculated F-value is 33.393 with a significance value of $0.000 < 0.05$, which means the regression model is simultaneously significant. Thus, it can be concluded that the independent variables, namely operating cash flow and tax expense, together have a significant effect on net income.

Coefficient of Determination Test

Ghozali (2013:97) states that the coefficient of determination (R^2) essentially measures how far the model can explain the effect of the independent variables on the dependent variable. The results of the coefficient of determination test can be seen in the following table:

Table 9. Coefficient of Determination Test Results

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1				
1	,844 ^a	,712	,691	,67757

a. Predictors: (Constant), BPK, AKO

b. Dependent Variable: LABABERSIH

Source: Data Processed with SPSS 24 (2025)

The coefficient of determination test shows an Adjusted R-Square value of 0.691 or 69.1%. This means that operating cash flow and tax expense variables together contribute 69.1% to net income, while the remaining 29.9% is explained by other variables outside this research model.

Discussion

The Effect of Operating Cash Flow on Net Income

Based on the results of the first hypothesis testing, it shows that operating cash flow does not have a significant effect on net income in the 6 largest banking companies listed on the IDX for the period 2020–2024. This result indicates that the magnitude of operating cash flow is not able to explain changes in net income in the banking sector. This condition may occur because the banking industry has specific characteristics where the main source of income comes more from financial intermediation activities, such as lending and financial services, rather than operational activities directly reflected in operating cash flow. In addition, factors such as cost efficiency, allowance for impairment losses, and asset-liability management strategies are more dominant in determining bank net income. This finding is consistent with the study of Fathony et al. (2023), which stated that operating cash flow has no significant effect on net income.

The Effect of Tax Expense on Net Income

Based on the results of the second hypothesis testing, it shows that tax expense has a significant effect on net income in the 6 largest banking companies listed on the IDX for the period 2020–2024. This means that the higher the tax expense borne by the company, the lower the net income recorded, and vice versa. This result is consistent with the accounting concept that tax expense is a direct deduction from profit before tax to generate net income. The findings of this study support the opinion of Suryani et al. (2023), who found that tax expense negatively affects net income. This result also aligns with the research of Purwanto (2021), which found that tax expense affects net income.

CONCLUSION AND RECOMMENDATIONS

It is clear from the test findings and the comments that follow that operational cash flow has no discernible impact on net income for the six biggest banks listed on the IDX between 2020 and 2024. This suggests that variations in net income in the banking industry are not primarily caused by changes in operational cash flow. However, during the period 2020–2024, net income of the six biggest banks listed on the IDX is significantly impacted by tax expenses. The company's net income decreases as its tax expenses increase, and vice versa. The Adjusted R-Square value for the coefficient of determination test was 0.691, or 69.1%. Accordingly, operational cash flow and tax expenditure variables combined account for 69.1% of changes in net income, with additional factors beyond the scope of this study influencing the remaining 30.9%.

Based on the findings, banking institutions are encouraged to focus more on tax expenditure management because it has been shown to have a substantial impact on net income. Companies must use efficient tax planning techniques that adhere to tax laws in order to minimize tax costs and maximize net profits. Additionally, management must maintain cash flow stability and liquidity to guarantee operational continuity and stakeholder trust even while operating cash flow has little impact on net profitability.

Given that tax expenses have been demonstrated to directly impact net income, investors may find the study's findings useful in evaluating the performance of banks. When making investment choices, investors should take into account taxation, cost effectiveness, and asset management techniques in addition to cash flow figures.

Future researchers should be aware that the conclusions of this study may not be applicable to the whole banking industry or other sectors because it only included a sample of six of the biggest banks listed on the IDX between 2020 and 2024. In order to achieve more thorough results, it is recommended that future study broaden the industrial sector, increase the number of samples, or prolong the observation time. To give a more complete view of the factors impacting net income, future research may also include additional variables such business size, operational efficiency, or provision for impairment losses.

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