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Difference Tests of Financial Performance before and after the Regulation of the Minister of Finance Number 29 Concerning Asset Revaluation

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Abstract:
This research conducted two different tests of financial performance in the manufacturing industry in Indonesia. The purpose of the first test is to find empirical proof of the difference in financial performance before and after the Regulation of the Minister of Finance Number 29 Concerning Asset Revaluation. The purpose of the second test is to test the difference in financial performance when the company implements the revaluation method when the Minister of Finance Regulation Number 29 is still valid, compared to after the regulation is no longer valid. In this study, the financial performance used five proxies tested: operating profit margin (OPM), debt-to-equity ratio (DER), total asset turnover (TATO), return on assets (ROA), and long-term debt-to-equity ratio (LTDER). Using paired samples t-test with the statistical program SPSS 26, the results of the study prove that in the first test, there is no difference in the ratio of OPM and LTDER before and after the regulation. However, there are differences in the ratio of DER, TATO, and ROA before and after the regulation. Meanwhile, in the second test, the results show no differences in the ratio of OPM, DER, ROA, and LTDER when companies apply the revaluation method when the regulation still applies unlike when the regulation is no longer valid, but there is a difference in the ratio of TATO when the regulation still applies unlike when the regulation is no longer valid. As for the study novelty, there are a cut-off period using the Minister of Finance Regulation Number 29 and an additional test to ensure that the tax incentives provided by the government through the regulation provide good results on financial performance, as measured by the OPM, DER, ROA, LTDER, and TATO ratio proxies.

Keywords: cost method, revaluation method, operating profit margin, debt-to-equity ratio, total asset turnover, return on assets, long-term debt-to-equity ratio, Regulation of the Minister of Finance No. 29.

财政部长第29号关于资产重估的规定前后财务绩效差异测试

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摘要:
这项研究对印度尼西亚制造业的财务绩效进行了两项不同的测试。第一个测试的目的是寻找财政部长第29号资产重估条例实施前后财务绩效差异的实证证据。第二个测试的目的是测试在财政部第29号法规仍然有效的情况下，与该法规不再有效后相比，公司实施重估方法时的财务绩效差异。在本研究中，财务绩效使用了五个测试指标：营业利润率(OPM)、债务股本比率(德)、总资产周转率(塔托)、资产回报率(资产收益率)和长期债务与股本比率(德)。-
股本比率（莱特尔）。利用统计程序统计软件26进行配对样本t检验，研究结果证明，在第一次检验中，调控前后OPM和莱特尔的比值没有差异。但监管前后德、塔托、资产收益率的比例存在差异。同时，在第二次测试中，结果显示，与法规不再有效时相比，在法规仍然适用的情况下，公司采用重估方法时，OPM、德、资产收益率和莱特尔的比率没有差异，但在与法规不再有效时不同，法规仍然适用时的塔托比率。至于研究的新颖性，有一个使用财政部长第29号法规的截止期和一项额外的测试，以确保政府通过该法规提供的税收优惠能够为财务绩效带来良好的结果（按照OPM衡量）、德、资产收益率、莱特尔和塔托比率代理。

关键词：成本法、重估法、营业利润率、债务权益比率、总资产周转率、资产回报率、长期债务权益比率，财政部长条例第29号。

1. Introduction

To produce good financial performance, companies need to determine the right accounting method to ensure that each element in the financial statements has been treated in accordance with applicable accounting standards. The choice of a different accounting method will cause the value of the elements of the financial statements to be different, so that it will affect the company's financial performance. One element that is quite important for an entity is fixed assets. Like other elements of financial statements, fixed assets also have their own valuation methods. The accounting method for fixed assets is regulated in PSAK 16, where there are two methods, namely the cost method and the revaluation method. Revaluation of fixed assets has actually been allowed since Indonesia adopted the International Financial Reporting Standard (IFRS) in 2007, where the recognition of fixed assets according to the Statement of Financial Accounting Standards (PSAK) No. 16 provides a choice for companies to use the revaluation method or the cost method. The government has also facilitated the issue of asset revaluation since 2008, namely through PMK Number: 79/PMK.03/2008 concerning the Revaluation of Company Fixed Assets for Tax Purposes. However, with the issuance of the Financial Accounting Standards and PMK since 2008, it has not prevented many companies from revaluing their fixed assets.

Previously, fixed assets could only be valued using historical value or cost models. In this case, historical cost is the value of the company's actual transactions in the past. However, with market conditions that are increasingly dynamic and developing very rapidly, the cost model is considered irrelevant because it does not reflect actual market conditions. As a result, the valuation of fixed assets using historical value has a weakness, which can cause accounting distortions at the reporting date of fixed assets. This distortion arises because fixed assets are recorded at cost less accumulated depreciation. Even though economic conditions always change, they will impact the market value of these assets. This is what causes accounting information based on the cost method to be irrelevant to users. Along with the revision of PSAK 16, the government, through the Minister of Finance, followed up on this matter by issuing a replacement for PMK Number 79/PMK.03/2008 updated with the issuance of PMK 191/PPMK.010/2015 and changed to PMK 29/PMK.03/2016, which contains changes to the tax rate imposed from the surplus of fixed asset revaluation. Final income tax, which was originally subject to a 10% rate, was amended for 2015 and 2016; the company can enjoy a special rate of 3% if it obtained a determination of the revaluation of fixed assets and paid the tax until December 31, 2015, 4% for repayment from January 1 to June 30, 2016, and 6% for redemption until December 31, 2016, which is subject to the difference in the excess value of fixed assets resulting from the revaluation. With the follow-up from the Government on PSAK 16, which provides a choice of the cost or revaluation method to entities and increases tax revenues on the government side, this proves that accounting and taxation standpoints encourage entities to apply the revaluation method in their fixed asset recording systems. However, more companies still choose to use the cost method in valuing their assets. The reason why companies do not want to switch to using the revaluation model is because revaluation of fixed assets requires much money or can be said to be expensive (Seng & Su, 2010). Costs are incurred because of asset revaluation in the form of an increase in appraisal fees (hiring appraisal) for the company's fixed asset revaluation activities, which must be carried out based on the market value or fair value prevailing at the time of revaluation of fixed assets by an appraiser service company (KJPP) that obtains the government license. The reassessment activity must be carried out at least once every three years, a maximum of once every five years if there are no significant conditions that result in a change in the value of the asset. For asset revaluation, tax costs incurred after 2016 will also be subject to a more expensive rate of 10%. Thus, it is

essential to know whether the increase in costs in the revaluation method will result in maximum profit in terms of company performance. In addition, does the asset revaluation tax rate given in 2015 and 2016 have an impact on improving company performance compared to the normal tax rate after the PMK is no longer valid.

In this study, the period was longer than in previous studies, namely eight years. The span of eight years is limited by the regulation. So, the period, which is the limit in this study, is 2012-2014, namely the period before the Regulation Number 29, and 2017-2021, namely the period after the Regulation Number 29. Then, the period after the regulation was further divided into two types of research: from 2017 to 2019, the revaluation method used the regulation, and the period from 2020 to 2021 used the revaluation method without the regulation. The periods of 2015 and 2016 were excluded from the study because these years were the period of implementation of PMK policies, where companies did not implement them in one full financial year.

As for this study's novelty, apart from the tests carried out using the regulation as a comparison limit, where limitations like this have not been found in previous related studies, there is also an additional test comparing the periods when the regulation still applies and when the regulation is no longer in force. This is to ensure that the tax incentives provided by the government through the regulation can provide good results on financial performance as measured by proxy ratios of OPM, DER, ROA, LTDER, and TATO. Meanwhile, the limitations of using the regulation will make research on PSAK 16 more orderly, namely when companies use the cost method with the revaluation method.

This research considers the population in the manufacturing industry because the manufacturing industry contributes greatly to Indonesia's economic growth of 7.07% in the second quarter of 2021, with growth of 6.91% despite pressure from the COVID-19 pandemic (Ministry of Investment, 2021). This proves that in the third quarter of 2021, the manufacturing industry grew by 3.68% and contributed 0.75% to Indonesia's economic growth (Ministry of Investment, 2021). In addition, the large number of manufacturing companies indicates high business competition, which requires each company to produce the best financial performance through selecting the right accounting method. Fixed assets take up the largest portion of manufacturing company assets, so the right accounting method is needed to achieve good financial performance.

The purpose of this research was to determine the differences in financial performance before and after the Minister of Finance Regulation No. 29 Concerning Revaluation of Fixed Assets, when companies use the revaluation method when the Minister of Finance Regulation No. 29 was still valid, and when the Minister of Finance Regulation No. 29 was no longer valid for manufacturing industry companies listed on the Indonesia Stock Exchange (IDX) in 2012–2021. Knowing the difference between these two matters, entities will be more confident in determining the accounting methods and policies that will be chosen for their fixed assets. Entities that still use the cost method in recording their fixed assets can see whether the tax incentives provided in 2015 and 2016 provide good results on the performance. If indeed these incentives do not contribute to improving the company's financial performance, entities that wish to change from the cost method to the revaluation method at this time can do so immediately without having to wait for incentives from the Government again in the future. Conversely, if tax incentives make a good contribution to the company's financial performance, the entity can wait for the government to issue incentives through the second volume of PMK, which is likely to occur again, such as the tax amnesty program, which has occurred several times.

The benefits that are expected from this research are that it can be an input for companies in determining the accounting method policies to be used in recording their fixed assets, as well as providing information when the time is right to revalue assets in terms of tax rates. For investors as a reference for decision making in investing in the right company and can be a reference for future researchers who will conduct research with similar variables.

1.1. Hypothesis Development

1.1.1. Operating Profit Margin (OPM)

According to Sudana (2015), operating profit margins measure the ability to produce profit before interest and taxes (EBIT) compared with sales achieved by the company. Operating profit margin ratio shows efficiency of production, personnel, and marketing in producing profit. OPM is the right indicator of company performance; OPM value is actually stronger than comprehensive income. Haryanto (2017) found that financial performance has changed, which is indicated by changes in the current operating profit margin ratio before and after asset revaluation.

The existence of differences in the selection of cost and revaluation models supports positive accounting theory, which states that companies can choose one of the accounting policy procedures that can minimize contract costs and maximize firm value. In determining fixed asset valuation policies, company managers can choose policies using the cost method or fixed asset revaluation. Using the cost model, the total cost of an asset will not change as long as there are no transactions related to the fixed asset. Thus, the acquisition value of fixed assets will not change. Regarding depreciation, the cost model requires fixed assets to be recognized as a depreciation expense in stages within their useful life with an unchanged (recurring) nominal value for an asset. Thus, with the cost method, company profits can be measured, and OPM tends to be stable. When a

company revalues its assets, the value of the assets will increase, followed by an increase in depreciation costs. The increase in depreciation costs will affect the company's operating profit. In addition, asset revaluation will also result in increased costs in terms of fixed asset revaluation service fees by the Public Appraisal Service Office (KJPP) and tax costs if the company's assets increase and are reported on a fiscal basis. This means that with increased depreciation costs, additional KJPP service fees, and the existence of tax costs, operating profit will decrease. Meanwhile, the greater the ratio of the company's OPM, indicates a higher level of investor confidence because the company is considered to be in a productive situation. In line with the perspective of signal theory, companies that have high profitability will send this information to external parties (Spence, 1973). If investors consider the information credible, this information will impact the company's stock price (Rasyid, 2015). In addition, according to signaling theory, this information can be used to predict whether the cost or revaluation method will be superior for the company.

Regarding the Regulation of the Minister of Finance Number 29, which is used as a time limit in this study, there is a tax incentive for entities that perform fiscal revaluation of assets in 2015 and 2016, namely a tax rate of 3% for applications submitted from the date of entry into force of this ministerial regulation until December 31, 2015, 4% for applications submitted from January 1, 2016, to June 30, 2016, or 6% for applications submitted from July 1, 2016, to December 31, 2016. Meanwhile, for entities that perform commercial asset revaluation alone, there is no tax fee that must be incurred. If the company revaluates fiscally and commercially in 2015 and 2016, it will result in decreased profits, decreased tax costs due to tax incentives from the government, and decreased financial performance followed by a decrease in the company's share price. The tax rate incentive is only valid until December 31, 2016, whereas if the company performs a fiscal revaluation in the following year, the tax rate will return to normal at 10%. In addition, companies must reassess fixed assets every three or five years (PSAK 16). Thus, the company will incur additional costs for appraisal services by KJPP. However, when a company revaluates, the economic life of an asset will be longer. Fiscal economic age will start again from the beginning, such as the acquisition of new assets. Thus, the company will get long-term benefits in the form of depreciation costs. With increasing depreciation expenses, the operating profit margin will continue to fall in the years following the revaluation. Based on the mentioned above, it is suspected that there are differences in the operating profit margin ratio, so the research hypothesis is expressed as follows:

H1: There are differences in the operating profit margin ratio before and after the Regulation No. 29.

H2: There is a difference in the operating profit margin ratio using the revaluation method when the regulation applies and does not apply.

1.1.2. Debt-to-Equity Ratio (DER)

DER is an instrument measuring a company's solvency. This means finding out how far the company's activities are financed by debt. The smaller the DER value, the smaller the risk to the company. This is often a consideration for the company's external parties in providing loans or investing capital. In accordance with signaling theory, financial ratio information is used to make predictions in the future in determining which cost or revaluation method is superior to the company. Ardansyah and Junior (2016) states that asset revaluation affects company performance, which can be seen from the significant difference in DER before and after asset revaluation. The existence of these differences supports positive accounting theory, which states that companies can choose one of the accounting policy procedures that can minimize contract costs and maximize firm value. In determining fixed asset valuation policies, company managers can choose policies using the cost method or fixed asset revaluation.

Using the cost model, the total cost of an asset will not change as long as there are no transactions related to the fixed asset. Fixed depreciation costs follow the initial acquisition price, so it does not affect the company's profit. The absence of an increase in asset value on the assets side was offset by the absence of an increase in equity in the form of a revaluation surplus on the liabilities side. Thus, the acquisition value of fixed assets will not change, including on the equity side. Therefore, with the cost method, the debt-to-equity ratio tends to be stable. When a company performs a revaluation, the value of its assets will increase and there will be an increase in the value of equity generated from other comprehensive income. The increase in equity will decrease the debt-to-equity ratio. Every investor will avoid investing in companies that have high DER numbers because they reflect a high level of risk. This will affect the assessment of investors so that the stock price will decrease. Based on the mentioned above, it is suspected that there is a difference in the debt-equity ratio, so the research hypothesis is expressed as follows:

H3: There is a difference in the debt-to-equity ratio before and after the Regulation No. 29.

H4: There is a difference in the debt-to-equity ratio using the revaluation method when the regulation applies and does not apply.

1.1.3. Total Asset Turnover (TATO)

TATO shows the level of the company activity. The ratio of total asset turnover is influenced by the size of sales and total assets in the company. On the one hand, total asset turnover can be enlarged by adding assets; on the other hand, trying to increase sales is relatively greater than the increase in assets. According to

Indriyani (2015), the greater the total asset turnover, the better the company's performance in using its assets. Companies that use the cost method, the value of their assets will be constant or stable as long as there is no purchase of new assets or reduction of assets in the form of sales or destruction of assets. While companies that do revaluation, their assets will experience an increase. The activity ratio is involved to determine whether there has been a change in the company's activities after a revaluation. In accordance with signaling theory, total asset turnover information can be used to predict whether the cost or revaluation method will be better to improve the company's financial performance, which will be a benchmark for the company's high or low stock price.

Haryanto (2017) stated that total asset turnover experienced a difference after revaluing assets, namely by increasing the ratio of assets in generating income and having an influence on the effectiveness and efficiency of use or asset turnover in generating sales. The difference between the cost method and reval supports positive accounting theory, which states that a company can choose one of the accounting policy procedures that can minimize contract costs and maximize firm value. In determining fixed asset valuation policies, company managers can choose policies using the cost method or fixed asset revaluation. Based on the things mentioned above, it is suspected that there are differences in the ratio of total asset turnover, so the research hypothesis is expressed as follows:

H5: There is a difference in the ratio of total assets turnover before and after the Regulation No. 29.

H6: There is a difference in the ratio of total asset turnover using the revaluation method when the regulation applies and does not apply.

1.1.4. Return on Assets (ROA)

In determining the value of a company, investors still use financial ratio indicators to see the rate of return that can be given by the company to investors. Investors use the profitability ratio to measure the existing returns. Profitability ratio is the income or successful operation of a company in a certain period (Kieso et al., 2020). One of the commonly used financial measurement tools to measure the rate of return on investment is ROA. Return on assets is one of the basic quantitative assessments of company profitability, ROA shows the company's ability to use all of its assets to generate profit after tax. The return on assets ratio is important for companies to evaluate the effectiveness and efficiency of company management in managing all company assets. This ratio measures the company's net profit level from the assets used. The greater the ratio, the better the use of the company assets (Sutrisno, 2001). The better the ROA value, the more inviting investors are to invest in the company. Thus, the stock price will increase.

ROA is also information issued by the company in the company's performance report, which is essential in influencing the decisions to be taken by the company's stakeholders. In addition, according to signaling theory, this information is used to make predictions in the future whether the cost or revaluation method is better for the company. Future predictions can be made because there are differences in the value of assets in the cost and revaluation methods. Fixed assets in the cost model will be constant and do not change as long as there are no purchases of new assets or sales or destruction of old assets. Meanwhile, fixed assets in the revaluation model will tend to increase when revaluated by the Public Appraisal Service Office, following the current market price. In addition, asset revaluation will also result in increased costs in terms of fixed asset revaluation service fees by the Public Appraisal Service Office (KJPP) and tax costs if the company's assets increase and are reported on a fiscal basis. This means that with increased depreciation costs, additional KJPP service fees, and tax fees, the company's net profit will decrease. According to the Regulation of the Minister of Finance No. 29, when the company revaluated fiscally and commercially in 2015 and 2016, it would result in decreased profits, decreased tax costs due to tax incentives from the government, and decreased financial performance followed by a decrease in the company's share price. Tax rate incentives of 3%, 4%, and 6% are only valid until December 31, 2016, whereas if the company performs a fiscal revaluation in the following year, the tax rate will return to normal at 10%. In addition, companies must reassess fixed assets every three or five years (PSAK 16). Thus, the company will incur additional costs for appraisal services by KJPP. However, when a company revaluates, the economic life of an asset will be longer. Fiscal economic age will start again from the beginning, such as the acquisition of new assets. Thus, the company will gain long-term benefits in the form of depreciation costs. With the increase in depreciation costs, the company's net profit will decrease both in the year when the revaluation is carried out and in the years after the revaluation.

From the explanation above, it can be concluded that using the revaluation method there will be an increase in the value of assets and a decrease in the company's net profit, so that the value of the Return on Assets ratio will decrease. A low ROA value will make investors more careful in investing their funds in the company. Because the higher the ROA, the better the company can utilize its assets to make a profit. Haryanto (2017) stated that return on assets did not experience a difference after revaluation. The difference between the cost and revaluation methods supports positive accounting theory, which states that companies can choose one of the accounting policy procedures that can minimize contract costs and maximize firm value. In determining fixed asset valuation policies, company managers can choose policies using the cost method or fixed asset revaluation. Based on the things mentioned above, it is suspected that there are differences in the ratio of return on assets, so the research hypothesis is

expressed as follows:

H7: There are differences in the return on asset ratio before and after the Regulation No. 29.

H8: There is a difference in the return on assets ratio using the revaluation method when the regulation applies and does not apply.

1.1.5. Long-Term Debt-to-Equity Ratio (LTDER)

The long-term debt-to-equity ratio is measured by a comparison between long-term debt and equity (Kasmir, 2014). The aim is to measure how much equity (own capital) is used as collateral for long-term debts. The greater this ratio indicates the greater the interest expense and long-term debt that must be paid so that it will reduce the company's profit. In accordance with signaling theory, information on long-term debt-to-equity financial ratios is used to determine whether the cost or revaluation method is better for the company. Ardansyah and Junior (2016) stated a significant difference between the long-term debt to equity ratio before the revaluation of fixed assets and the long-term debt to equity ratio after the revaluation of fixed assets. The existence of these differences supports positive accounting theory, which states that companies can choose one of the accounting policy procedures that can minimize contract costs and maximize firm value. In determining fixed asset valuation policies, company managers can choose policies using the cost method or fixed asset revaluation. Using the cost model, the total cost of an asset will not change as long as there are no transactions related to the fixed asset. Fixed depreciation costs follow the initial acquisition price, so it does not affect the company's profit. The absence of an increase in asset value on the assets side was offset by the absence of an increase in equity in the form of a revaluation surplus on the liabilities side. Thus, the acquisition value of fixed assets will not change, including on the equity side. With the cost method, the ratio of long-term debt to equity tends to be stable. With the revaluation method, the value of the company's assets and equity will increase. An increase in asset value is obtained from a revaluation by the Public Appraisal Service Office, while an increase in equity value is generated from other comprehensive income if there is a surplus in the value of the assets being revaluated.

The increase in equity value will affect the long-term debt-to-equity ratio. An increase in the value of equity will decrease the long-term debt-to-equity ratio. The smaller this ratio, the smaller the interest expense and long-term debt that must be paid. Thus, this will be responded to positively by investors in the capital market. In conditions like that, the company's stock price will rise because a positive response indicates an increase in the number of requests for shares. Based on the things mentioned above, it is suspected that there is a difference in the ratio of long-term debt-to-equity ratio, so the research hypothesis is expressed as follows:

H9: There is a difference in the long-term debt-to-equity ratio before and after the Regulation No. 29.

H10: There is a difference in the long-term debt-to-equity ratio using the revaluation method when the regulation applies and does not apply.

2. Methods

The methodology for this research is quantitative with secondary data obtained from the Indonesia Stock Exchange for 2012–2021. In selecting the sample, the method used was purposive sampling, namely manufacturing industry companies with the following criteria: 1) being listed as issuers during the study period, 2) revaluing their assets based on PSAK No. 16 and following the Regulation of the Minister of Finance Number 29, 3) submitting annual financial reports during the study period. Annual financial reports during the study period had a valid sample size of 13 companies; within eight years, 65 samples were collected, which were divided into two groups; 39 samples in the first difference test, before and after the Regulation of the Minister of Finance Number 29; in the second difference test, there were 26 samples using the revaluation method when the regulation was still valid and after the regulation was not in effect.

This research is a comparative study using panel data where the data used is data sourced from the same companies with different periods. The data were divided into the two groups on the basis of the revision to the Statement of Financial Accounting Standards (PSAK) No. 16 Concerning Fixed Assets and the Regulation of the Minister of Finance Number 29 Regarding the Revaluation of Fixed Assets. Based on the literature review and the results of previous research, the framework created by the researchers is as follows:

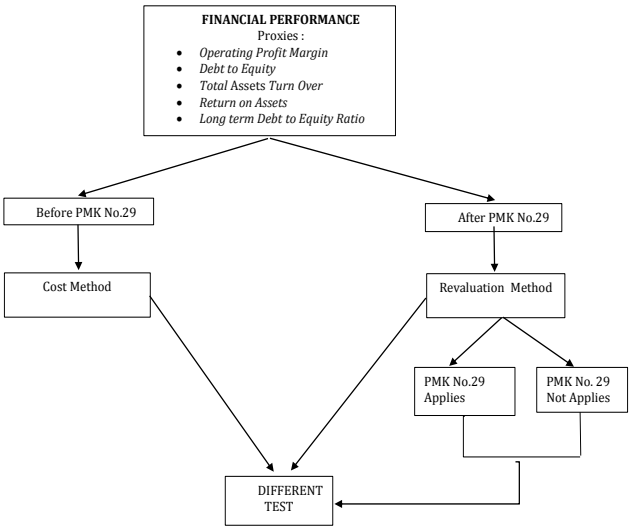

Figure 1. Framework

Financial report data were processed using Excel to find financial ratios that became proxies in measuring financial performance; then, a descriptive statistical test, the Kolmogorov-Smirnov test, and data normality test were conducted using the SPSS 26 program. The data were analyzed using nonparametric tests and paired

samples t-test.

3. Results

Based on the research results, before the Regulation of the Minister of Finance Number 29 used the cost method and after the regulation used the revaluation method, there was no difference in financial performance proxied through the ratios of OPM, ROA, and LTDER. As for the DER and TATO ratios, there are differences before the regulation using the cost method and after the regulation using the revaluation method. In the second difference test, which compared the revaluation method that was carried out when the regulation was no longer valid and when the regulation was still valid, the result was that only the TATO ratio produced a difference. As for the other four ratios, namely OPM, ROA, DER, and LTDER, no differences were found.

From the normality test for the first test, it was found that the data were not normally distributed; therefore, the researchers used the Wilcoxon test for the hypothesis about five proxies before and after the Regulation of the Minister of Finance Number 29.

Table 1. Testing the hypothesis about five proxies before and after the Regulation of the Minister of Finance Number 29

	OPM	DER	TATO	ROA	LTDER
Z	-.405b -	-3,935b -	-2,079b -	-1,647b -	-.447b -
Asymp . Sig. (2-tailed)	.686	.000	038	.100	.655

a. Wilcoxon Signed Ranks Test

b. Based on positive ranks.

Source : developed by author, results data processing with SPSS 26

From the normality test for the second difference test, it was found that the data were not normally distributed; therefore, the researchers used the Wilcoxon test for the hypothesis about five proxies using the revaluation method when the Regulation of the Minister of Finance Number 29 was still valid and when the regulation was not valid.

Table 2. Testing the hypothesis about five proxies using the revaluation method when the Regulation of the Minister of Finance Number 29 was still valid and when it was not valid

	OPM	DER	TATO	ROA	LTDER
Z	-.444b -	-.241 c	-1,994b -	-1,308b -	-.927b -
Asymp . Sig. (2-tailed)	.657	.809	046	.191	.354

a. Wilcoxon Signed Ranks Test
b. Based on positive ranks.
c. Based on negative ranks.
Source : developed by author, results data processing with SPSS 26

From the Wilcoxon test, the following results were obtained:

Table 3. Hypothesis test results

Hypothesis	Test results
H1: There is a difference in the OPM ratio before and after the PMK No. 29.	There is no difference/rejected
H2: There is a difference in the OPM ratio using the revaluation method when the PMK is still valid and after the PMK is no longer valid.	There is no difference/rejected
H3: There are differences in DER before and after the PMK No. 29.	There is difference/accepted
H4: There is a difference in DER using the revaluation method when the PMK is still valid and after it is no longer valid.	There is no difference/rejected
H5: There is a difference in the ratio of TATO before and after the PMK No. 29.	There is difference/accepted
H6: There is a difference in the TATO ratio using the revaluation method when the PMK is still valid and after it is not valid.	There is difference/accepted
H7: There are differences in the ratio of ROA before and after the PMK No. 29.	There is no difference/rejected
H8: There are differences in ROA using the revaluation method when the PMK is still valid and after it is no longer valid.	There is no difference/rejected
H9: There are differences in LTDER before and after the PMK No. 29.	There is no difference/rejected
H10: There is a difference between LTDER using the revaluation method when the PMK is still valid and after it is no longer valid.	There is no difference/rejected

4. Discussion

From the results above, it was found that in H1, there was no difference in the ratio of OPM before and after the regulation. These results are in contrast to those by Pranata (2014), who states that the transition from the cost model to the revaluation model reduces the company's solvency, activity, and profitability ratios. However, this agrees with the results of research by Felisia and Sari (2019), which proves no difference in financial performance before and after the company revalues its assets.

In H2, there is no difference in the ratio of the OPM to the revaluation model when the regulation is still in force and after the regulation is not in force. This means that when using the revaluation when there is regulation or not, the value of the OPM remains the same. This is in accordance with research by Felisia and Sari (2019), which does not prove that there are tax savings before and after revaluing assets.

In H3, there is a difference in the DER before and after the regulation. This result agrees with those by Pranata (2014), who states that the transition from the cost model to the revaluation model reduces the company's solvency, activity, and profitability ratios. Similar to research by Ardansyah and Junior (2016), asset revaluation has an effect on company performance; there is a significant difference in DER and LTDER when using the cost model and asset revaluation.

In H4, there is no difference in the DER in the revaluation method when the regulation still applies and does not apply. This means that when using revaluation when there is the regulation or not, the debt-to-equity ratio value remains the same. This is because the payment of asset revaluation tax does not affect the amount of DER of the company.

In H5, there is a difference in the ratio of total asset turnover before and after the regulation. This result agrees with those by Hariyanto (2017) stating that there are differences in company performance before and after carrying out asset revaluation, which is proxied by total asset turnover.

In H6, there is a difference in the total asset turnover ratio in the revaluation method when the regulation still applies and does not apply. This is because the tax expense for the difference from the revaluation of assets carried out by the company does not affect the value of the assets. The tax expense will be recorded in profit and loss.

In H7, there is no difference in the ratio of return on assets before and after the regulation. These results are in contrast to those by Pranata (2014) stating that the transition from the cost model to the revaluation model reduces the company's solvency, activity, and profitability ratios.

In H8, there is no difference in the ratio of return on assets in the revaluation method when the Regulation of the Minister of Finance Number 29 still applies and does not apply. This means that the tax rate on the difference in asset revaluation when the regulation is in effect at a discounted rate does not affect the company's profit unlike when the regulation is no longer valid at the normal rate.

In H9, there is no difference in the ratio of long-term debt to equity before and after the regulation. These results are in contrast to those by Pranata (2014) stating that the transition from the cost model to the revaluation model reduces the company's solvency, activity, and profitability ratios.

In H10, there is no difference in the ratio of long-term debt to equity in the revaluation method when the Regulation of the Minister of Finance Number 29 still applies and does not apply. This means that the discounted tax rate makes no difference in this ratio.

5. Conclusion

This study found that before the Regulation of the Minister of Finance Number 29 used the cost method and after the regulation used the revaluation method, there was no difference in financial performance proxied through the ratios of OPM, ROA, and LTDER. As for the DER and TATO ratios, there is a difference. Then, in the difference test comparing the revaluation method carried out when the Regulation of the Minister of Finance Number 29 no longer applied and still applied, the result was that only the TATO ratio produced a difference. As for the other four ratios, namely OPM, ROA, DER, and LTDER, no differences were found. Thus, it can be concluded that the two methods of recording assets both use the cost method, which was used before the Regulation of the Minister of Finance Number 29, and the revaluation method, which was used after the regulation, does not affect the increase in financial performance. The resulting DER ratio has a difference; in this case, it decreased, meaning that it improves. This can be used by entities in attracting investors. Meanwhile, the TATO ratio only displays asset values that are more relevant to users of financial statements. The resulting TATO ratio is different from the difference test before the regulation when using the cost method and after the regulation when using the revaluation method; it does not increase the company's financial performance because the TATO ratio that decreases due to a revaluation does not necessarily reflect the company's effectiveness in using its assets. This must be tested further through other elements in the financial statements.

In the second difference test, which compared financial performance using the revaluation method when the Regulation of the Minister of Finance Number 29 still applied and did not apply, the result was only the TATO ratio, which proved a difference. The other four ratios, OPM, ROA, DER, and LTDER, prove no difference. This proves that the tax incentives provided by the government cannot boost financial performance for the better. This is because the incentive tax rates of 3%, 4%, and 6% are considered not too significant with the normal tax rate of 10% compared to other costs that must be incurred by the company when it has to switch from the cost method to the revaluation method. On this matter, it is necessary to conduct further research through other methods such as regression to determine the effect of these tax rates on financial performance.

Based on the researchers' direct experience in this study, there are some limitations that can be a factor for more attention for future researchers and are accompanied by suggestions for further research:

(1) This study only aims to perform a difference test to determine which of the two methods of recording assets is effective, so we did not find the factors that influence the revaluation method choice. The researchers suggest that the next researchers conduct regression research related to the revaluation method choice.

(2) This research is also limited to special difference tests related to assets (PSAK 16) without any additional exogenous variables, non-variables, or other unexpected events that could affect financial performance within 10 years. The researchers suggest that further researchers provide additional research methods to control other variables that may affect financial performance within the research period.

(3) The number of companies conducting revaluation is still not large so the sample taken may not be representative of the industry.

(4) The accuracy of the data is not good because the number of samples is small. In this case, the researchers suggest that the next researchers perform difference tests on companies outside Indonesia or add samples when the number of companies conducting asset revaluation increases to obtain better data accuracy.

(5) The number of variables taken in this study is only based on journals affecting the debit and credit sides when there is a change from the cost model to the

revaluation model and related to the final tax expense. Therefore, in this case, the researchers would like to suggest that further researchers use other variables besides those already used in this study and expand the research sample apart from manufacturing sector companies.

(6) This research was carried out over a period of eight years ending in 2021. For future researchers, it is recommended to conduct an ongoing study to determine changes occurring from year to year.

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