

**ANALYSIS OF STOCK MARKET REACTION TOWARDS TAX AMNESTY  
PROGRAM ANNOUNCEMENT: EVIDENCE FROM INDONESIA STOCK  
EXCHANGE (IDX) AND SINGAPORE STOCK EXCHANGE (SGX)**

By

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BACHELOR'S DEGREE

in

BUSINESS ADMINISTRATION - BANKING AND FINANCE CONCENTRATION

FACULTY OF BUSINESS AND COMMUNICATION

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## STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.



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## ABSTRACT

### ANALYSIS OF STOCK MARKET REACTION TOWARDS TAX AMNESTY PROGRAM ANNOUNCEMENT: EVIDENCE FROM INDONESIA STOCK EXCHANGE (IDX) AND SINGAPORE STOCK EXCHANGE (SGX)

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On 1 July 2016, Indonesia's President Joko Widodo announce that Indonesia is implementing a tax amnesty program. A program which will cause a lot of money come in to Indonesia. This event study is intended to analyze the initial reaction of the stock market in Indonesia and Singapore towards that announcement. To measure the stock market reaction, abnormal return and trading volume activity are used as the indicator. The data used in this research is secondary data consists of daily stock prices, daily market index prices, daily stock volumes, and stock outstanding shares. With a purposive sampling method, then it is selected 40 stocks from LQ45 index in Indonesia Stock Exchange and 30 stocks from Straits Times Index in Singapore Stock Exchange. The observation period is 21 trading days consisting of ten days before, ten days after, and the event day. The research concluded that: 1) there is no positive and significant abnormal return found in Indonesia stock market during the event; 2) there is no significant differences of average abnormal return and average trading volume activity in Indonesia stock market before and after the event; 3) there is no negative and significant abnormal return found in Singapore stock market during the event; 4) there is no significant differences of average abnormal return and average trading volume activity in Singapore stock market before and after the event. Which the findings in this research indicate that there is no reaction from Indonesia stock market and Singapore stock market towards Indonesia's tax amnesty program announcement on 1 July 2016.

*Keywords: Tax Amnesty, Abnormal Return, Trading Volume Activity, Event Study.*



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## **DEDICATION**

This work is dedicated for the future of my beloved country, Indonesia.



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