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Capital Market Reaction to The Tax Amnesty Policy (Study on Banking Sector Share in Indonesia

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ABSTRACT. An event or a policy taken by the government can be one of the considerations for investors in making investment decisions in a country. The existence of these events certainly contains information that can be interpreted to carry out transactions in the capital market. The tax amnesty policy is assumed to contain information that is able to respond to capital market players. The reaction of capital market participants can be measured by abnormal returns and trading volume activity. Therefore, it is necessary to conduct research on the reaction of the capital market to the tax amnesty policy in Indonesia on shares in the banking sector because banks are the gateway for the entry of tax amnesty funds. There are 14 bank shares included in the study that fall into the criteria of government perception banks and have IPOs. This study uses the event study analysis method with an observation period of 11 days, namely t-5 to t+5 and t0 as event dates in all tax amnesty policy periods, period I (1 July 2016), period II (1 October 2016), period III (1 January 2017). The research analysis technique used a paired sample t test. The results of the study indicate that there is a reaction in banking stocks to the tax amnesty policy which can be seen from the significant positive difference between the cumulative average abnormal return before and after the tax amnesty policy period I and II, as well as the difference in cumulative average trading volume activity between before and after the tax amnesty policy period I, II, and III. The results of the study conclude that the tax amnesty policy has succeeded in increasing trading activities and providing abnormal returns to investors for two periods on banking stocks so that this issue provides meaningful information and is good news for investors.

Keyword: banking stocks; capital market; event study; tax amnesty
JEL Classification: G11; G18

INTRODUCTION

Economic growth is an indicator for foreign investors to invest in a country. Economic growth that continues to increase will attract the attention of investors from other countries and domestic. Based on data on Indonesia's economic growth in the last ten years released by the Central Statistics Agency, Indonesia has experienced a slowdown. This can be seen from the value of Indonesia's GDP since 2010 of 6.22%, a drastic decline to 2.97% in 2020. The slowdown in Indonesia's economy amid high uncertainty in global financial markets has increased economic risks and reduced the confidence of economic actors. The economic risk that caught attention was the exchange rate risk accompanied by a decline in confidence in the economy. Since 2010 the rupiah has weakened against the US dollar, the USD/IDR middle rate in 2010 was 8,991, continued to weaken to USD/IDR 14,105 in 2020. This resulted in reduced foreign capital inflows and increased pressure on the rupiah exchange rate. The economic slowdown and the weakening of the rupiah exchange rate have led to the emergence of corporate risk in the form of a decline in corporate financial performance, which in turn led to a decline in investment. The decline in corporate performance also has an impact on the ability of corporations to pay debts.

In the midst of pressure on the economy, the government continues to make every effort to increase economic growth in order to improve people's welfare. The government plans to take a policy aimed at increasing investment, employment opportunities, tackling inflation, and increasing income. Policies that have previously been carried out by the government in 2016 can be said to be quite influential in increasing Indonesia's economic growth. This can be seen from the value of Indonesia's GDP which increased from the previous 4.88% in 2015 to 5.03% in 2016 and continued to increase until it decreased in 2019 due to the covid 19 pandemic.

The fiscal policy carried out by the government in 2016 which has had a fairly good impact on the Indonesian economy is fiscal policy through the tax amnesty. This policy is carried out in an effort to increase government revenue through taxes in increasing economic growth and investment in Indonesia. In the Regulation of the Minister of Finance of Indonesia Number 123 / PMK.08/2016 on the Transfer of Taxpayer Assets, there are regulations regarding repatriation or withdrawal of funds from abroad that can increase banking liquidity so as to help infrastructure development. Part of the funds will be invested in infrastructure so that it can finance companies, stimulate the real sector, and increase the value of domestic investment. The growth in investment value is an indicator of macroeconomic growth, with continued macroeconomic growth of course affecting the movement of the Composite Stock Price Index (JCI) which is positive and able to soar high in line with the country's economic growth.

Abnormal return or excess return is the excess of the actual return to the normal return. Normal return is the expected return or the return expected by investors. Thus, abnormal return (abnormal return) is the difference between the actual return that occurs with the expected return (Sasongko etal 2015). The actual return or return is the return that occurs at time t which is the difference between the current price relative to the previous price. The expected return is the return that must be estimated (Nazir etal 2014; Mukerachiro 2014). Abnormal return or excess return is the excess

of the actual return over the normal return, where normal return is the expected return (return expected by investors), thus abnormal return (abnormal return) is the difference between the actual return and the expected return. (Jogiyanto, 2016).

Repatriation funds entering the banking sector in the form of demand deposits, savings and time deposits can assist banking liquidity so as to increase lending to customers. If the level of interest income from credit is greater than the interest paid, it will increase the company's income which in turn will increase the issuer's share price. Based on data from the Indonesia Stock Exchange 2020, out of 10 companies, there are 4 banks that have the largest market capitalization. This means that bank shares are the stock of choice for investors who can move the capital market in Indonesia. If there is a reaction in banking stocks as a result of a policy taken by the government, the capital market in Indonesia will also react so that it will influence the decision making of investors to buy shares. Therefore, the purpose of this study is to examine the reaction of stocks in the banking sector to the tax amnesty policy.

This reaction will be shown by changes in the market index, price and trading volume of shares during the tax amnesty. This reaction is projected by using abnormal returns as the value of changes in stock prices and trading volume activity as an indicator of stock trading activities and the object of the research is banking sector stocks (Mahestyanti etal 2018; Le & Ber 2008; Purnomolastu 2017).

This study aims to determine the impact of the tax amnesty policy on changes in stock prices. To find out the picture of the magnitude of the changes that occur from fiscal policy to the investment world. This research can be one of the references related to government policies in finance. This research has limitations related to the time taken from the July 2016-March 2018 Policy. And uses data from the stock market, especially banking stocks. In addition, it has only looked at and focused on cases of abnormal returns.

METHODS

Research Design

This research was conducted using a quantitative approach to stock prices in the banking sector for the period July 2016 – March 2017 using the event study method to determine the presence of abnormal returns and trading volume activity which will then be analyzed using the t-test statistical test.

Data Types and Sources

The data used in this study is secondary data in the form of daily prices of banking shares around the events of the tax amnesty policy. The selected banking stocks are 14 banks that are gateways for the entry of tax amnesty funds that have been IPOs.

Determination of Event Study

Defining events

This study examines the effect of the tax amnesty policy on shares in the banking sector in three event periods, so that the interest in the event is the tax amnesty policy for three periods. The

intended event dates for the three tax amnesty periods in Indonesia are: Period I Tax Amnesty on 1 July 2016; Period II Tax Amnesty on October 1, 2016, and; Period III Tax Amnesty on March 1, 2017

Determine the event estimation and event window

Event date as the day on which the tax amnesty event occurred is denoted as t=0. The event window is the period of time around an event that can be used as a reference for observing market reactions when the event occurs. In this study, an observation period of 11 days was used, namely before (-5 days) and after the event (+5 days). Meanwhile, event estimation is a period in which banking stock prices are still not affected by the tax amnesty event and in this study. In this case, the researcher uses a market adjusted model which assumes that the best estimator for estimating the return of a security is the market index return at that time (Winkasari etal 2019; Suharyati & Hermuningsih 2014). By using this model, the event estimation is the same as the event window and there is no need to form an estimation model, because the estimated security return is the same as the market return.

Calculating abnormal returns and trading volume activity

Abnormal return according to Jogiyanto (2003) is the difference between the actual rate of return (actual return) and the level of expected profit (expected return). Abnormal returns are returns obtained by investors that are not in line with expectations. The difference between the actual return and the expected return will cause the emergence of abnormal returns obtained by investors. If the actual return is greater than the expected return, the abnormal return is positive, otherwise if the actual return is less than the expected return, the abnormal return is negative.

The abnormal return formula used is the closing price, where when the stock market closes, the current stock market price will be the closing price for that day. The closing price of the stock that day will also be the reference for the opening price for the next day.

Before calculating the normal return, the actual return is calculated first. The actual return of the stock is the actual rate of return received. This actual return is calculated daily during the estimation period and the event period. The formula used to calculate the actual return is as follows (Husnan 1998):

$R_{i,t} = \frac{(Pi,t - Pi,t-1)}{Pi,t-1}$ ……1

Note:

Ri,t = actual return of the i-th stock on day t

Pi,t = the ith stock price on day t

Pi, t-1 = the i-th stock price on day t-1

Furthermore, determining the normal return is done by calculating the expected return on each stock. Expected return is calculated using the market adjusted model (market-adjusted model).

$E(Ri) = Rm,t$ ……2

Note:

E(Rt) = expected return

Rm,t = market index return which can be calculated by the formula

$R_{m,t} = \frac{(IHSGt - IHSG,t-1)}{IHSG,t-1}$ ……3

After obtaining the actual value and normal return for each stock, the abnormal return value can be calculated. Mackinlay (1997) defines abnormal return as the difference between actual and normal returns on stocks during the event window period, and normal return is the expected return if the tax amnesty event does not occur. Abnormal returns can be calculated using the following formula (Brown and Warner, 1985):

$AR_{i,t} = R_{i,t} - E(R_{i,t})$ ……4

Note:

ARi,t = Abnormal returns of stock i on day t
Ri,t = Actual return of stock i on day t
E(Ri,t) = Expected return of stock i on day t

Furthermore, the average abnormal return (AAR) is calculated from the total abnormal return of each stock divided by the number of stock samples observed. AAR is calculated over the event period with the following formula:

$AAR(t1\text{-}t2) = \frac{ARt + ARt-1}{t}$ ……5

Note:

AAR(t1-t2) = Average abnormal return from t1 to t2
ARt = Abnormal return t
ARt-1 = Abnormal return t-1
t = observation day

The conclusion of this study can be drawn from adding up the abnormal returns of a company so that the aggregate of abnormal returns is obtained (Rubin & Spaht 2013). The following is the formula for cumulative abnormal return (CAR) and cumulative average abnormal return (CAAR).

$CAR_{(t1\text{-}t2)} = \sum_{t=t1}^{t2} ARi,t$ ……6

$CAAR_{(t1\text{-}t2)} = \frac{CARt + CARt-1}{t}$ ……...7

Note:

CAR(t1-t2) = Cumulative abnormal return from t to t 2
CAAR(t1-t2) = Cumulative average abnormal return from t to t 2
CARt = Cumulative abnormal return
t = observation day

Trading volume activity or trading volume activity is an instrument that can be used to see the reaction of the capital market to information through the parameters of the movement of trading volume activity in the capital market (Primastono, 2006; Kurdarmawan & Abudanti 2018). Trading volume activity is an instrument that can be used to see the reaction of the capital market to information through the parameters of the movement of trading volume activities in the capital market (Setyawan, 2006; Raya & Paramita 2020). The calculation of the stock trading volume is using the trading volume activity (TVA) indicator with the following equation (Jones 2004).

$$TVA = \frac{Jumlah\ saham\ i\ yang\ diperdagangkan\ pada\ hari\ t}{Jumlah\ saham\ i\ yang\ beredar} \quad \text{.....8}$$

To calculate the average trading volume activity (ATVA) is by the following formula.

$$AVTA = \frac{\sum_{i=1}^{n} TVAi}{n} \quad \text{.....9}$$

Note:
ATVA = Average trading volume activity
TVAi = Trading volume activity period i

The conclusion of trading volume activity is also taken from adding up the trading volume activity of a company so that it is obtained in aggregate (Pradhan &Kasilingam 2015). The following is the formula for cumulative trading volume activity (CTVA) and cumulative trading volume activity (CATVA).

$$CTVA_{(t1\text{-}t2)} = \sum_{t=t1}^{t2} TVAi, t \quad \text{.....10}$$

$$CATVA_{(t1\text{-}t2)} = \frac{CTVAt + CTVAt - 1}{t} \quad \text{.....11}$$

Note:
CTVA(t1-t2) = Cumulative trading volume activity from t to t 2
CATVA(t1-t2) = Cumulative average trading volume activity from t to t 2
CTVAt = Cumulative trading volume activity
t = observation day

t-paired test

The qualitative independent variables in this study have two categories. Therefore, the test was carried out using the test method of mean difference for two paired samples (paired sample t-test). This different test model is used to analyze the pre-post research model or before and after. Different tests are used to evaluate certain treatments on the same sample in two different observation periods (Pramana, 2012). Paired sample t-test is used if the data is normally distributed.

According to Widiyanto (2013); Asriningsih (2013), paired sample t-test is one of the testing methods used to assess the effectiveness of the treatment, marked by differences in the average before and after treatment. The t-test was conducted to answer the purpose of this study, namely to analyze abnormal returns and trading volume activity which had a significant effect on the capital market on the events of the tax amnesty policy. The following is the research hypothesis.

Hypothesis I

H0: There is no significant difference between the average abnormal return of stocks before and after the tax amnesty event.

H1: There is a significant difference between the average abnormal return of stocks before and after the tax amnesty event.

Hypothesis II

H0: There is no significant difference between the volume of trade before and after the tax amnesty event.

H1: There is a significant difference between the trading volume before and after the tax amnesty event.

RESULT AND DISCUSSION

Descriptive Statistical Analysis

Descriptive statistics aims to provide an overview and description of the data using a statistical approach. Descriptive statistics explain the characteristics of the data that will be used in the study in terms of the minimum, maximum, average, and standard deviation values of cumulative average abnormal return and cumulative average trading volume activity of all samples of banking sector companies at t–5 to t+ 5 trading days in three research periods. Here are the results of these calculations:

Table 1. Descriptive Statistics of Abnormal Stock Returns

Period	AR				AAR			
	Min	Max	Mean	Stdev	Min	Max	Mean	Stdev
I	-0,007	0,0083	0,0008	0,0053	-0,0077	0,0126	0,0048	0,0058
II	-0,0045	0,0085	0,0001	0,0043	-0,0037	0,0075	0,0024	0,0024
III	-0,0578	0,0205	-0,0079	0,0221	-0,0866	0,0205	-0,0142	-0,0142

Source: data processed

Table 2. Descriptive Statistics of Abnormal Stock Returns

Period	CAR				CAAR			
	Min	Max	Mean	Stdev	Min	Max	Mean	Stdev
I	0,0077	0,0018	0,0000	0,0025	0,0084	0,0004	-0,0044	0,0031
II	-0,0012	0,0037	0,0007	0,0012	0,0029	0,0073	0,0055	0,0015
III	-0,0079	0,0205	0,0005	0,0070	0,0050	0,0263	0,0197	0,0063

Source: data processed

Tabel 3. Descriptive Statistics of Stock Trading Volume

Period	TVA				ATVA			
	Min	Max	Mean	Stdev	Min	Max	Mean	Stdev
I	0,0005	0,0014	0,0007	0,0003	0,0005	0,0075	0,0035	0,0021
II	0,0003	0,0008	0,0006	0,0002	0,0004	0,0062	0,0036	0,0019
III	0,0002	0,0009	0,0006	0,0002	0,0007	0,0064	0,0037	0,0019

Source: data processed

Tabel 4. Descriptive Statistics of Stock Trading Volume

Period	CTVA				CATVA			
	Min	Max	Mean	Stdev	Min	Max	Mean	Stdev
I	0,0005	0,0007	0,0006	0,0000	0,0005	0,0062	0,0033	0,0018
II	0,0004	0,0006	0,0006	0,0001	0,0004	0,0065	0,0035	0,0020
III	0,0006	0,0007	0,0006	0,0000	0,0007	0,0068	0,0037	0,0019

Source: data processed

The overall abnormal return and trading volume activity data in this study are quite uniform. It can be seen in the table that the data from the standard deviation is low in all periods of the tax amnesty policy. The pattern of bank stock movements against events can also be seen in the chart

below which is shown from AR, AAR, CAR and CAAR data as well as TVA, ATVA, CTVA and CATVA data.

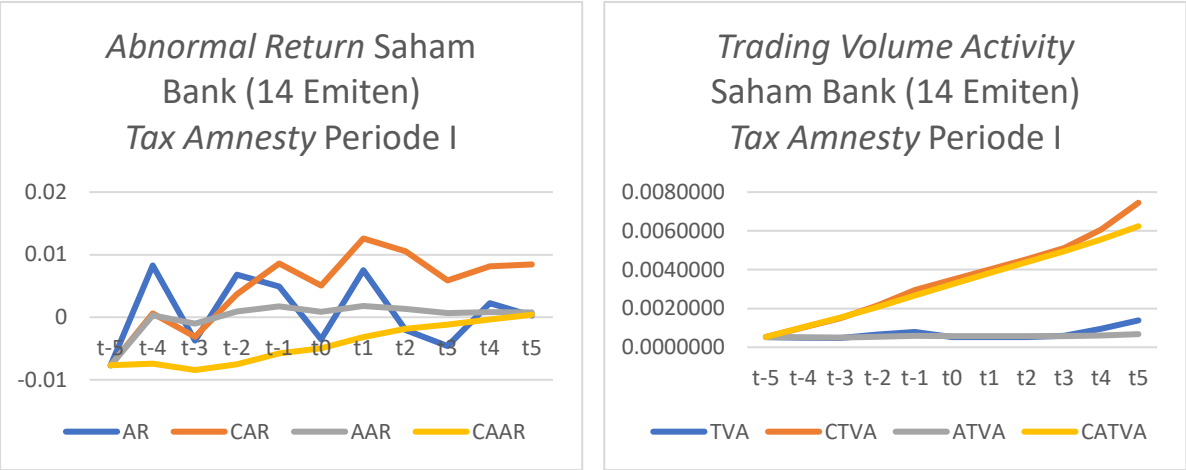

Figure 1. Graph of Abnormal Returns and Trading Volume Activity of Bank Stocks in Tam Amnesty Policy Period I

In period I, it can be seen in the graph that AR experienced quite high fluctuations. On the day before the tax amnesty event period I, AR experienced a sharp increase and reached its highest point with a value of 0.00828 at t-4 and decreased again at t-3, then increased again and until the tax amnesty event began AR bank shares fell to -0.00353 then at t+1 it increased to 0.007524. The AR movement pattern of bank stocks is influenced by NISP and BNLI stock issuers which have the lowest AR of -0.0570 and -0.1132, and the highest AR of 0.1231 and 0.0703 by BNLI and MEGA. Meanwhile, the CAR data has an increasing pattern from t-5 and reaches the highest value at t+1 with a tax amnesty event, with a CAR value of 0.012592 at t+1. This pattern is influenced by the issuers of BNLI and NISP shares which have the lowest CAR values of -0.1888 and -0.1040 and the highest CAR by BDMN and MEGA of 0.112 and 0.1691.

Furthermore, AAR and CAAR data have an increasing pattern of movement since t-5 and continue to rise until t+5. The highest AAR is 0.001799 at t+1. This pattern is influenced by issuers of BNLI and PNBN shares which have AAR values of -0.0654 and -0.0418, and the highest AAR values by BDMN and MEGA stocks of 0.0400 and 0.0339. The highest CAAR is 0.000395 at t+5. The CAAR value is influenced by BNLI and PNBN shares with the lowest CAAR of -0.2953 and -0.0802 and BDMN and MEGA stocks with the highest CAAR of 0.2452 and 0.2284.

The next data is trading volume activity for bank shares which can also be seen on the chart. For TVA, ATVA, CTVA and CATVA data, all experienced an increasing trend from t-5 to t+5, only AVTA had a less significant pattern. The pattern of stock movement in TVA, ATVA, CTVA and CATVA data is influenced by MEGA and NISP stock issuers, while for TVA data the highest values are BNLI and BBNI stock issuers at 0.0092 and 0.0029. Then, for the highest ATVA data by BBNI and BNLI shares of 0.0020 and 0.0018. The highest CTVA data is by BBNI and BNLI at 0.0173 and 0.0199 and the highest CATVA data is by BBNI and BBTN stocks at 0.0181 and 0.0157.

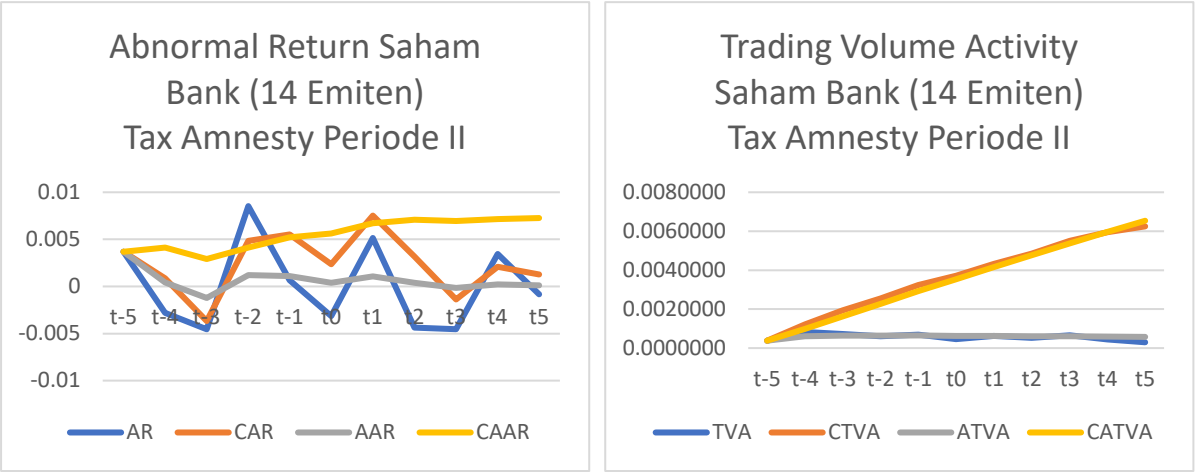

Figure 2. Graph of Abnormal Returns and Trading Volume Activity of Bank Stocks in Tam Amnesty Policy Period II

In the second period of tax amnesty, it can be seen in the graph that AR also fluctuated quite high. The highest AR occurs at t-2 and the lowest occurs at t-3. The AR movement pattern of bank stocks is influenced by NISP and BNLI stock issuers which have the lowest AR of -0.0735 and -0.0171, and the highest AR of 0.0378 and 0.0124 by BNLI and MEGA. Meanwhile, the CAR data has an increasing pattern from t-3 and reaches the highest value at t+1 with a tax amnesty event. This pattern is influenced by NISP and BMRI stock issuers which have the lowest CAR values of -0.1693 and -0.0518 and the highest CAR by BNGA and BNII of 0.1392 and 0.1263.

Furthermore, AAR data tends to decrease from t-5 to t-3 and CAAR has an increasing movement pattern since t-3. This pattern is influenced by BNLI and PNBN stocks which have AAR values of -0.0015 and -0.0024, and the highest AAR values by BDMN and MEGA stocks of 0.0068 and 0.0068. The CAAR value is influenced by BBTN and BBKP stocks with the lowest CAAR of -0.0519 and -0.0478 and BNGA and BNII stocks with the highest CAAR of 0.2616 and 0.1421.

The next data is trading volume activity for bank shares. TVA data shows a downward movement pattern since t-5, for ATVA data since t-5 has increased but tends to be after data. Meanwhile, the CTVA and CATVA data all experienced an increasing trend from t-5 to t+5. The pattern of stock movements in TVA, ATVA, CTVA and CATVA data is influenced by MEGA and NISP stock issuers, while for TVA data the highest values are BMRI and BNGA stock issuers at 0.0027 and 0.0023. Then, for the highest ATVA data by BMRI and BNGA shares of 0.0016 and 0.0016. The highest CTVA data is by BBTN and BMRI at 0.0123 and 0.0135 and the highest CATVA data is by BMRI and MEGA stocks at 0.0144 and 0.0144.

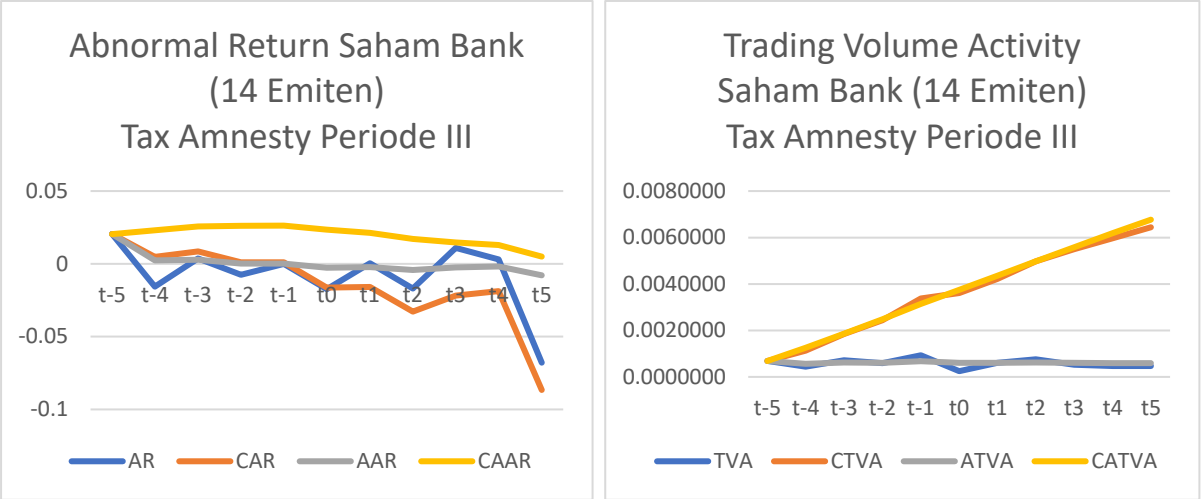

Figure 3. Graph of Abnormal Returns and Trading Volume Activity of Bank Shares in Tam Amnesty Policy Period III

Next is the last tax amnesty period, namely period III, it can be seen in the graph that the AR, AAR, CAR and CAAR values all experienced a downward trend from t-5 to t+5. The AR movement pattern of bank stocks is influenced by MEGA and NISP stocks which have the lowest AR of -0.9988 and -0.1990, and the highest AR of 0.1351 and 0.1141 by MEGA and NISP. Meanwhile, the CAR data is influenced by MEGA and NISP stocks which have the lowest CAR values of -1.0726 and -0.3092 and the highest CAR by MEGA and BJBR of 0.1351 and 0.1022. The AAR data is influenced by MEGA and NISP stocks which have AAR values of -0.0975 and -0.0500, and the highest AAR values are MEGA and NISP stocks of 0.1351 and 0.0894. The CAAR value is influenced by MEGA and BNLI stocks with the lowest CAAR of -0.0655 and -0.0512 and BJBR and MEGA stocks with the highest CAAR of 0.1925 and 0.1351.

The latest data is trading volume activity for bank stocks, namely TVA data which has a fluctuating pattern along the tax amnesty event and the movement pattern of ATVA data which tends to be flat. Meanwhile, the CTVA and CATVA data have a movement pattern that continues to increase from t-5 to t+5. The pattern of stock movements in TVA, ATVA, CTVA and CATVA data is influenced by the lowest stock values, namely MEGA and NISP stocks, while for TVA data the highest values are BJBR and BBTN stock issuers of 0.0053 and 0.0028. Then, for the highest ATVA data, BBJR and BBTN shares were 0.0053 and 0.0024. The highest CTVA data is by BBJR and BBTN at 0.0316 and 0.0155 and the highest CATVA data is by BBJR and MEGA stocks at 0.0404 and 0.0404.

Significance Test Results

In this section, a discussion of the capital market reaction to the tax amnesty policy in Indonesia will be presented on banking stocks. Discussion on the capital market reaction is projected with indicators of cumulative abnormal return, cumulative average abnormal return, cumulative trading volume activity and cumulative average trading volume activity. The results of hypothesis testing can be seen in the table below.

Table 5. Results of Different Tests Before and After the Tax Amnesty Incident

Periode	Variabel	Sig.(2-tailed)	Conclusion
I	CAR	.063	Not significant
I	CAAR	.000	Significant (Positive)
I	CTVA	.000	Significant (Positive)
I	CATVA	.000	Significant (Positive)
II	CAR	.871	Not Significam
II	CAAR	.001	Significant (Positive)
II	CTVA	.000	Significant (Positive)
II	CATVA	.000	Significant (Positive)
III	CAR	.022	Not Significam
III	CAAR	.052	Not Significam
III	CTVA	.000	Significant (Positive)
III	CATVA	.000	Significant (Positive)

Source: data processed

The hypothesis states that the capital market reaction shows that there are significant differences in the existence of tax amnesty policies in all periods. Based on the table, it can be seen that in all periods I and II of the tax amnesty policy, CAR has a sigma value > 0.05, CAAR has a sigma value < 0.05, CTVA has a sigma value < 0.05 and CATVA has a sigma value < 0.05. This explains that the CAR variable shows no significant difference, while CAAR, CTVA and CATVA show a significant difference to the tax amnesty policy. The reaction of the capital market can be indicated by one of these variables and CAAR, CTVA, CATVA show a significant difference with a positive value, so the hypothesis is accepted.

In the third period of the tax amnesty policy, CAR had a sigma value > 0.05, CAAR had a sigma value > 0.05, CTVA had a sigma value < 0.05 and CATVA had a sigma value < 0.05. This explains that the CAR and CAAR variables show no significant difference, while CTVA and CATVA show a significant difference. The capital market reaction can be indicated by one of these variables and CTVA, CATVA shows a significant difference with a positive value, so the hypothesis is accepted.

In the testing of abnormal returns and trading volume activity for period I, the tax amnesty policy shows a significant difference before and after the tax amnesty policy. This shows that the events of the tax amnesty policy in period I had significant information content that caused a reaction in the capital market. The reaction is in the form of abnormal returns and positive trading volume activity. Likewise, the same thing happened to the tax amnesty policy event in period II which showed that the tax amnesty was good news so that it had a positive impact.

This is different from the tax amnesty policy event in period III which shows that there is no significant difference in terms of abnormal returns but there is a significant difference in terms of positive trading volume activity. This shows that the market can be said to be efficient in the weak form because the past data is not related to the present value so that the values in the past cannot be used to predict the current price. Investors cannot use past information to obtain abnormal returns.

Managerial Implications

As a measure to increase economic growth in Indonesia, the government issued policies to stimulate the economy and improve the investment climate. Fiscal policy through this tax amnesty has the potential to contain information so that it has an impact on the industrial sector affected by the regulation.

Implications for Government Policy

Through this study, it was found that the government's decision to carry out a tax amnesty in 2022 can be used as information to determine the impact that occurs on investment in Indonesia, especially related to abnormal conditions that can create investment risks. Abnormal returns that generate positive returns will give investors' confidence to invest in Indonesia, not only from domestic investors but also from foreign investors. The success of the tax amnesty can also be seen from the increase in trading volume activity. The implementation of policies that can be carried out by the government is (1) Encouraging the public to report openly to the government by providing various other alternative investment instruments (2) Transparency to the public regarding tax amnesty funds that enter Indonesia so that it can be more convincing to the public to report taxes that are paid. has not been reported and brought the funds to invest in Indonesia.

Implications for Banking Business

In general, positive reactions to the banking sector with the tax amnesty policy in Indonesia can have an impact on the banking business, including the following: (1) Encouraging bank companies to provide competitive superior products so that people are more interested in depositing their funds in banks. (2) Encouraging bank companies to provide more services to the public so that they feel comfortable and safe in saving their funds. (3) Potential to increase the company's valuation, this correlates with the company's image as a company appointed by the government as a perception bank to invest in Indonesia.

Implications for Investors

In general, positive reactions to the banking sector with the tax amnesty policy in Indonesia can have an impact on the banking business, including the following (1) It is a signal that the tax amnesty policy will have an impact on stock movements in the Indonesian stock market. (2) Assisting investors in the investment decision-making process. This study provides an illustration that there is a significant positive difference to the tax amnesty policy on banking sector

CONCLUSION

Based on the results of the research that has been carried out, it is known that from the three periods, namely period I, period II, it is known that the results of the different test state that there is a significant difference in abnormal returns between before and after the start of the tax amnesty period. Meanwhile, in period III of the tax amnesty, there was no significant difference in abnormal returns between before and after the start of the tax amnesty period. Furthermore, it can also be seen from the three periods, namely periods I, II and III, it is known that the results of the different test state that there is a significant difference in trading volume activity between before and after the start of the tax amnesty period. Overall, these results indicate that investors in the capital market perceive that information about the tax amnesty is good news and that the event contains important information so that the capital market reacts to the announcement. This also shows that

with the implementation of the tax amnesty policy, investors see that this announcement has a positive impact on the Indonesian capital market so that information about the tax amnesty affects abnormal returns and trading volume activity of banking sector stocks listed on the Indonesia Stock Exchange.

Based on the research, things that can be suggested are as follows: 1) Research is needed on other sectors that are affected by the tax amnesty policy in Indonesia. 2) It is necessary to do further on market efficiency in more depth by testing market efficiency by decision in terms of reaction speed, economic value and reaction speed so as to conclude that market efficiency is getting better

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