

# The Influence Of Income Tax 25 Through Dividend Payout Ratio On Stock Price In Food And Beverage Companies

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## Abstract

This study aims to analyze: (1) The influence of income tax article 25 on the dividend payout ratio; (2) The influence of the dividend payout ratio on stock prices; (3) The influence of income tax article 25 on stock prices through the dividend payout ratio. (4) The variable that has the most dominant influence on stock prices. The data used in this study are secondary data in the form of financial reports of companies in the food and beverage sub-sector on the Indonesia Stock Exchange for the period 2020-2024, using purposive sampling techniques. The sample used in this study consisted of 17 companies. The data analysis technique used include descriptive statistical analysis, panel data regression models, multicollinearity tests, panel data regression analysis, partial tests (t-tests), coefficient of determination tests (R Square), path analysis and sobel tests. The testing tool used is EViews 12. The results of this study indicate that: (1) Income tax article 25 significant influence the dividend payout ratio; (2) The dividend payout ratio significant influence stock prices; (3) Income tax article 25 does not significant influence stock prices through the dividend payout ratio in food and beverage sub-sector companies on the Indonesia Stock Exchange for the period 2020-2024; (4) The variable that has the most dominant influence on stock prices is the dividend payout ratio.

**Keywords** : *dividend payout ratio, income tax article 25, stock price*

JEL Codes : Z12, H50, H41

## INTRODUCTION

The development of the Indonesian economy in recent years has been marked by efforts to enhance recovery from the economic crisis, and its success largely depends on the initiatives undertaken by both the government and the private sector (Rustam and Amran, 2019). One of the efforts that can be carried out by the government is through the taxation sector, while the private sector, by offering its shares through the capital market, may trigger investor reactions to the tax collection implemented by the government.

The capital market in Indonesia is the Indonesia Stock Exchange (IDX). The capital market plays a significant role in the Indonesian economy. One of the functions of the capital market is to serve as a means for companies to obtain funds from investors. It is known that companies listed on the IDX are those that have gone public. Public companies can easily raise funds from investors, one of which is through issuing shares (Masdupi and Sari, 2020). A company can be valued based on its stock price. The increasing number of companies established in Indonesia encourages investors to compete in investing in shares with the expectation of gaining good returns from their investments.

One of the issues that often becomes a subject of discussion in the investment world is cash dividends, which frequently spark controversy between shareholders and company management. Among all business sectors in Indonesia, one that has experienced significant fluctuations in dividend distribution is the food and beverage subsector (Anton, Purnama, and Susanto, 2024). The food and beverage subsector consists of manufacturing companies that fall under the consumer goods industry, which remains a basic necessity even during economic crises.

The growth of this sector is driven by the increasing household consumption in line with population growth. According to the Ministry of Trade, this industry is considered to have promising prospects in the future. The stock prices of food and beverage companies during the period 2020–2024 can be seen in Figure 1.

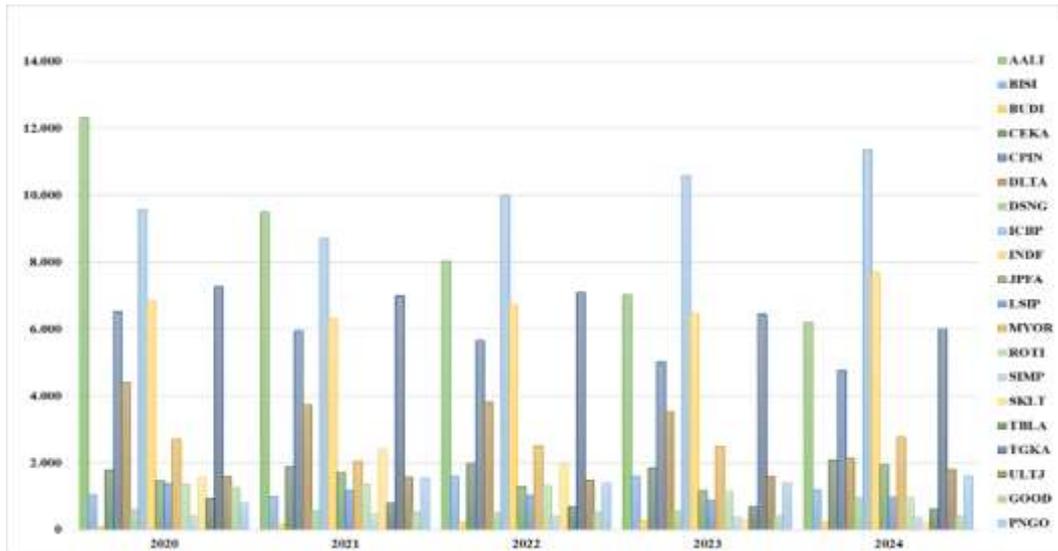


Figure 1. Stock Price Index of Food and Beverage Companies Period 2020–2024  
 Source: www.idx.co.id (Processed Data by Researcher, 2025)

In Figure 1, the stock price movements of food and beverage companies during 2020–2024 tend to be volatile. The fluctuations in stock prices in Figure 1.1 are closely related to company profits, as profit is the main indicator of financial performance that is highly considered by investors. For example, ICBP and INDF stocks showed an upward trend from 2021 to 2024, in line with their net profit growth during that period due to cost efficiency strategies, market expansion, and stable consumer product demand. This is supported by ICBP’s 2023 financial report, which recorded a 25.6% increase in net profit compared to the previous year (ICBP Financial Report, 2023), thereby driving its stock price from IDR 10,575 to IDR 11,375 in 2024. Conversely, SKLT shares experienced a sharp decline from IDR 1,950 in 2022 to only IDR 199 in 2024. This decline reflects the company’s weakening financial condition, which was likely caused by declining profits and losses.

In general, companies carry out their business activities with the aim of maximizing profits, as profit represents the return or compensation for the risks and uncertainties of the capital invested in a company. The average profit of food and beverage companies for the 2020–2024 period can be seen in Figure 2.

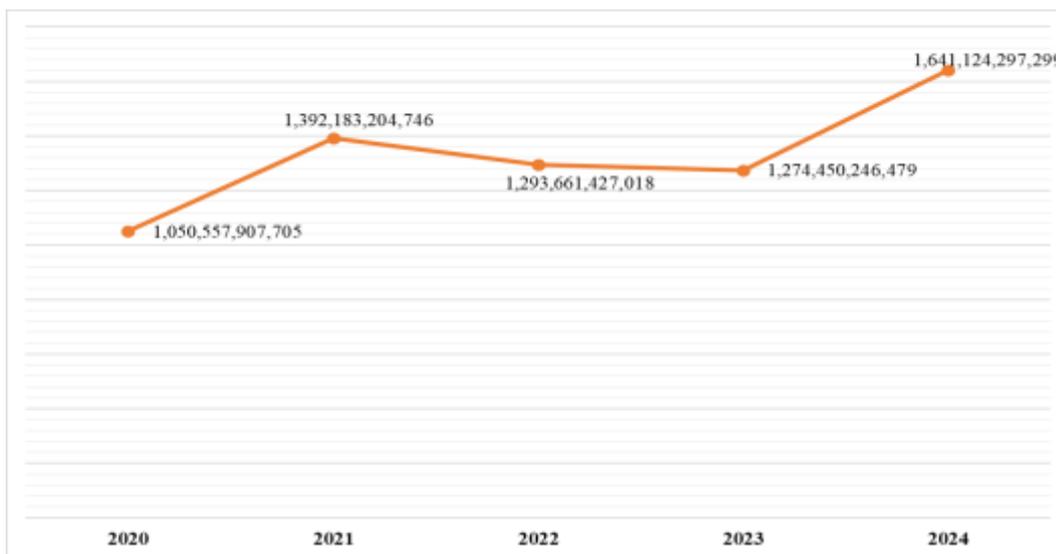


Figure 2 Average Profit of Food and Beverage Companies Period 2020–2024  
 Source: www.idx.co.id (Processed Data by Researcher, 2025)

Figure 2 presents the average profit data of several companies in the food and beverage subsector during the 2020–2024 period, showing that average profits fluctuated throughout these years. In 2020, Indonesia's food and beverage manufacturing sector was hit by the COVID-19 pandemic, with declining demand due to social restrictions and the closure of restaurants/hotels, rising operating costs caused by health protocols, as well as supply chain disruptions that increased raw material prices and pressured profit margins, thereby slowing down profit growth that had been positive in 2019 (Pratiwi & Wahyono, 2023; Halik, Supeni, & Danirizka, 2024; Khasanah & Abas, 2024). Entering 2021, the easing of restrictions and mass vaccination boosted demand recovery, supported by the adoption of digital technology and e-commerce, although high raw material prices and global uncertainties still posed challenges (Halik, Supeni, & Danirizka, 2024).

In 2022–2023, the food and beverage sector was again pressured by annual inflation of 5.51% (BPS, 2023) and rising energy prices, which eroded margins and weakened purchasing power. The government responded with raw material subsidies, lower gas tariffs, and cooking oil price stabilization, driving growth of 3.75% in the first quarter of 2022 compared to 2.45% in 2021 (Fardaniah, 2022). Companies accelerated digital transformation, joined food delivery platforms, and leveraged online promotions, with online sales increasing from 79.7% in 2019 to 86.9% in 2022 (Pancawati, 2024), while larger companies were more capable of sustaining profits through technological investments (Halik, Supeni, & Danirizka, 2024). According to GAPMMI in 2024, recovery continued albeit moderately, with the processed food and beverage subsector projected to grow around 5%, driven by staple products such as instant noodles, milk, and seasonings, while secondary products like snacks and soft drinks remained under pressure (Yogatama, 2024). Overall, profits in this sector fluctuated from 2020 to 2024—dropping sharply in 2020, recovering in 2021, pressured by inflation in 2022–2023, and growing moderately in 2024—shaped by a combination of public policies and corporate adaptations.

The fluctuation of average profits of food and beverage companies during 2020–2024 directly affects tax obligations, particularly Corporate Income Tax. In Indonesia, the amount of Corporate Income Tax is determined by the taxable income, which generally refers to net income after fiscal corrections. This means that when a company's profit increases, the potential tax that must be paid also increases, and vice versa. In Indonesia, many people perceive tax collection as a burden for their companies and consider it a reduction of company profit. One type of tax collected by the government is Income Tax Article 25, which is imposed based on company profits.

Dividends are a portion of net income after tax that is distributed to shareholders and cannot be used as a tax-deductible expense for the company. The amount of dividend depends on corporate policy, which requires managerial consideration. One of the measures is the Dividend Payout Ratio (DPR), which is the comparison between the total dividend paid and net income (Iswahyuni, 2018). This ratio determines the portion of profit distributed as dividends and retained for company financing. A high DPR increases dividends but reduces retained earnings, thereby weakening internal financing, while a low DPR decreases dividends but increases retained earnings and strengthens the company's financial position.

Dividend distribution is considered by investors as a tool that provides a signal about the company's expected earnings growth. According to Murhadi (2015), the relationship between dividends and stock prices lies in the use of dividends as a signal of the company's current condition and future investment prospects. Companies with high dividend payments reflect high expectations of earnings growth, which is responded to by investors in the form of stock price increases. The increase in company profits is directly proportional to the amount of income tax payable. This affects the amount of dividends that can be distributed to shareholders. Thus, the higher the tax burden borne by the company, the smaller the likelihood of dividend distribution, making it important to analyze the effect of Income Tax Article 25 and corporate dividend policy, which may ultimately impact stock prices.

Based on research conducted by Rustam and Amran (2019), the correlation between Income Tax Article 25 and the Dividend Payout Ratio is categorized as moderate, indicating that Income Tax Article 25 has no effect on the Dividend Payout Ratio (DPR). These findings are consistent with research by Rahayu and Yani (2021), which states that dividends do not affect stock prices, and the level of tax rates cannot influence stock prices. Higher capital structure tends to be followed by an increase in stock prices, while dividend policy does not affect stock price changes. This is because dividend policy through dividend

distribution during the pandemic had little direct impact on stock prices. Some investors preferred trading stocks, which they considered more profitable during the pandemic, rather than receiving cash dividends that would later be subject to tax.

These findings contradict research conducted by Novah, Diana, and Aspiannor (2024), which states that Return on Assets (ROA) and Asset Growth Ratio affect the Dividend Payout Ratio (DPR). Similarly, research by Fadianti, Ramli, Nurman, Anwar, and Aslam (2024) concludes that the Dividend Payout Ratio (DPR) and Return on Assets (ROA) affect stock prices. The results of the coefficient of determination test show that the Dividend Payout Ratio and Return on Assets are able to explain and contribute to stock prices. The two independent variables, Dividend Payout Ratio and Return on Assets, dominantly influence stock prices. The higher the return on assets, the greater the company's ability to generate profit. Companies with a high return on assets ratio are considered effective in their operations, which attracts investor interest and increases the company's stock value. With rising stock values, more investors are likely to be attracted, which ultimately raises the company's stock price.

Furthermore, when research results show positive and negative but insignificant effects, they align with studies conducted by Efriani and Fajar (2020), Malik and Kodriyah (2021), Bramaputra, Musfitria, and Triastuti (2022), Ermawati (2022), Anton, Purnama, and Susanto (2024), Sinaga, Faturrahman, and Supriyanto (2024), as well as Handayani, Kuntadi, and Pramukty (2025), who examined the influence of Dividend Per Share (DPS), Dividend Payout Ratio (DPR), Net Profit Margin (NPM), Earnings Per Share (EPS), Price to Book Value (PBV), Debt to Equity Ratio (DER), Current Ratio, Return on Assets (ROA), Cash Ratio, Operating Cash Flow, Return on Equity (ROE), Investment Opportunity Set, and Collateral Assets on stock prices, as well as their effect on the Dividend Payout Ratio. DPR has a partially negative effect on stock prices. This indicates that a high DPR means the company distributes most of its profits as dividends. While this benefits investors seeking short-term income, it may signal that the company is not investing enough in development or expansion to support long-term growth.

## LITERATURE REVIEW

### *Signalling Theory*

According to Spence (1973) in Nursanita, Faruqi, and Rahayu (2019), a signal provides an indication in which the sender (the information owner) attempts to deliver relevant pieces of information that can be utilized by the receiver. The receiver then adjusts their behavior according to their understanding of the signal. Signalling Theory emphasizes that a signal is an action taken by company management to provide guidance to investors regarding how management perceives the company's prospects (Brigham and Houston, 2018).

### *Tax Preference Theory*

First introduced by Litzenger and Ramaswamy (1979), this theory states that investors tend to choose investments with the most favorable tax structure for them. If dividends are taxed at a higher rate than capital gains, investors will prefer to invest their money in stocks that generate capital gains rather than receiving dividends. Conversely, if capital gains are taxed at a higher rate than dividends, investors will tend to prefer receiving dividends rather than investing in stocks that benefit more from capital gains.

However, capital gains do not provide certainty in the future; therefore, companies need to maintain dividend payments to investors, even in small amounts, since investors also appreciate companies that pay low dividends for tax-related reasons (Feryansyah, Handajani, and Hermanto, 2020). According to Gunawan and Rusdianti (2019), if management tends to adhere to the tax preference theory, then the company should retain all of its earnings.

### **Income Tax Article 25**

Income tax, as regulated in Law Number 36 of 2008 concerning Income Tax, is a tax withheld on income in the form of salaries, wages, honoraria, allowances, and other payments under any name and in any form related to work, services, or activities carried out by an individual taxpayer residing in Indonesia. Income tax is imposed on individuals or entities in connection with the income they receive or earn during a fiscal year (Resmi, 2016). One type of income tax is Income Tax Article 25.

According to Mardiasmo (2018), Income Tax Article 25 is an installment of income tax that must be paid by the taxpayer on a monthly basis during the current fiscal year. The purpose is to ease the taxpayer's burden, considering that the payable tax must be settled within one year. The amount of Income Tax Article 25 installment is equal to the income tax payable according to the Annual Tax Return (SPT).

### ***Dividend Payout Ratio***

According to Law Number 36 of 2008 concerning Income Tax, in the explanation of Article 4 Paragraph (1) letter G, dividends are a portion of profit earned by shareholders or policyholders of insurance, or the remaining results of cooperative operations distributed to cooperative members. Dividends are periodic cash distributions to the shareholders of a company (Gitman and Zutter, 2012). One form of dividend is the dividend payout ratio.

According to Sudana (2011), the dividend payout ratio is the percentage of net income after tax that is distributed as dividends to shareholders. The larger it is, the less retained earnings are available to finance the company's investments. Dividend policy can be observed through the dividend payout ratio. Therefore, the dividend payout ratio is a consideration factor for investors in determining how long they will hold their shares (Murhadi, 2015). The formula is as follows:

$$\text{Dividend Payout Ratio} = \frac{\text{Dividend per Share}}{\text{Earning per Share}}$$

### **Stock Price**

Darmadji and Fakhruddin (2012) state that stock price is the price formed through the interaction between sellers and buyers of shares, where investors expect to gain company profits, measured using the closing price. Stock prices may rise or fall significantly. A stock price is the value assigned to a company for other parties who wish to acquire ownership rights to the shares. The magnitude of a stock price is influenced by the demand and supply occurring between sellers and buyers (Linanda and Afriyeni, 2018).

Stock prices are strongly influenced by internal factors originating within the company itself. According to Alwi (2008), several internal factors may affect stock price movements, including:

- a. Announcements regarding marketing in the production sector, sales such as advertising, contract details, price changes, product withdrawals, product safety reports, and sales reports.
- b. Financial announcements, for instance, those related to the company's debt and equity levels.
- c. Management board of director announcements, such as changes or replacements of directors.
- d. Diversification announcements, such as merger reports, equity investments, and takeover reports by acquirers and acquired companies.
- e. Investment announcements, such as factory expansions for research and development, and the closure of other business units.
- f. Labour announcements, such as new negotiations, new contracts, research developments, and business closures.
- g. Announcements regarding company financial statements, profit forecasts at year-end, company performance measured using financial ratios such as return on assets (ROA), return on equity (ROE), net profit margin (NPM), and earnings per share (EPS).

According to Samsul (2015), external factors are those originating outside the company, yet they still influence the rise and fall of company performance. Several external factors that may affect stock prices include (Alwi, 2008):

- a. Interest rates on savings and deposits, inflation rates.
- b. Stock trading volume or prices, trading restrictions or suspensions.
- c. Exchange rate fluctuations, which are among the factors affecting stock price movements.
- d. Various domestic and international issues.

### Theoretical Framework

A theoretical framework contains the concepts used as a foundation for addressing research problems. Its purpose is to understand the relationship between variables in research, where the independent variable (Income Tax Article 25) may influence the dependent variables (Dividend Payout Ratio and Stock Price).

Stock price is the primary indicator in assessing a company's performance in the capital market. Stock price movements are influenced by various factors, both internal and external to the company. One internal factor that plays a role is the company's financial policy, including dividend policy and tax obligations. In this context, taxation policies such as Income Tax Article 25 may affect the company's cash flow, which in turn influences the amount of dividends distributed to shareholders.

Income Tax Article 25 refers to installment payments of income tax made by taxpayers, generally paid monthly based on the tax calculation of the previous year. This tax burden impacts the company's liquidity as it reduces the available cash. If the Income Tax Article 25 burden is substantial, companies tend to retain part of their earnings to fulfill the tax obligation, which ultimately affects the Dividend Payout Ratio, indicating the percentage of profits distributed as dividends to shareholders.

The Dividend Payout Ratio serves as an important signal for investors in assessing a company's prospects and stability. Signaling theory suggests that high dividends can serve as a positive signal for investors regarding good company performance and prospects, thereby encouraging share purchases and increasing stock prices. Conversely, a decline in dividends may be interpreted as a negative signal, potentially leading to a decrease in stock prices. Therefore, the Dividend Payout Ratio acts as a mediating variable bridging the influence of Income Tax Article 25 on stock prices.

### Research Framework

According to Sugiyono (2019), a research framework is a line of thought that applies various conceptual models describing how theories relate to factors identified as problems in the research topic, arranged systematically. In this study, the research framework is illustrated in Figure 3 below.

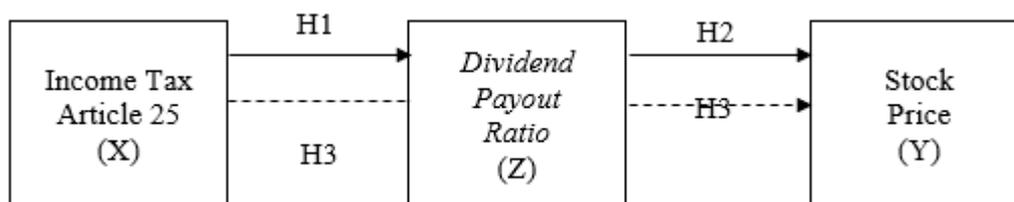


Figure 3 Research Model

The research model in Figure 3 is structured based on its relation to previous studies. This research model, which examines Income Tax Article 25 (PPH 25) on the Dividend Payout Ratio and its effect on stock prices, adopts the studies of Novah, Diana, and Aspiannor (2024) and Fadianti, Ramli, Nurman, Anwar, and Aslam (2024), which showed that the Dividend Payout Ratio and Return on Assets have a significant effect on stock prices. The study by Fadianti, Ramli, Nurman, Anwar, and Aslam (2024) found that the Dividend Payout Ratio partially affects stock prices.

In this study, the measurement of Income Tax Article 25 (PPh 25) is conducted by comparing the amount of PPh 25 paid by a company in a fiscal year with its pre-tax profit. Regarding its impact on stock prices, PPh 25 does not have a direct effect but can exert influence through an indirect pathway. A high tax burden will reduce the company's net income available for distribution. This may influence management's decision regarding dividend distribution (Dividend Payout Ratio), which in turn impacts investors' perception of the company's value. In practice, if a high tax burden leads a company to reduce dividends or signals declining profitability, investors may respond negatively by reducing their interest in purchasing shares, thereby causing stock prices to fall.

The relationship between the Dividend Payout Ratio and stock prices adopts the studies of Novah, Diana, and Aspiannor (2024) and Fadianti, Ramli, Nurman, Anwar, and Aslam (2024), which showed that the

Dividend Payout Ratio and Return on Assets significantly affect stock prices. The study by Fadianti, Ramli, Nurman, Anwar, and Aslam further indicated that the Dividend Payout Ratio partially affects stock prices. In this study, to determine the Dividend Payout Ratio (DPR), it is necessary to first calculate Earnings per Share (EPS) and Dividend per Share (DPS), since the Dividend Payout Ratio (DPR) is measured by dividing DPS by EPS. DPS is calculated by dividing the total cash dividend distributed by the number of outstanding shares, while EPS is obtained by dividing net income after tax by the number of outstanding shares. A high DPR is considered a signal that a company has strong financial stability and consistent profitability, which increases investor confidence. This confidence positively influences stock demand in the market, which can ultimately drive stock prices upward.

The role of the Dividend Payout Ratio as an intervening variable reflects the dynamics between income tax policies and stock prices. Rustam and Amran (2019) stated that the relationship between Income Tax Article 25 and the Dividend Payout Ratio is only moderate (not significant), while Rahayu and Yani (2021) argued that dividends have no significant effect on stock prices. Research by Efriani and Fajar (2020) through Handayani, Kutadi, and Pramukty (2025) found that the Dividend Payout Ratio has a negative effect on stock prices, as it is considered to reduce long-term growth potential. The Dividend Payout Ratio thus acts as an intervening variable, meaning that PPh 25 does not directly influence stock prices but rather through dividend policy. If the PPh 25 burden is high, the company's net income may decline, potentially lowering DPS and consequently DPR. A decline in DPR may be viewed negatively by investors who rely on dividends as a return, thereby reducing stock prices.

Overall, the relationship among PPh 25, DPR, and stock prices is complex and not always linear. The PPh 25 tax burden can influence a company's ability to distribute dividends, but managerial decisions regarding dividend policy and investor expectations also play significant roles in affecting stock prices. The Dividend Payout Ratio serves as a mediator in explaining the effect of PPh 25 on stock prices, as it functions as a signal of a company's financial condition. Therefore, understanding these three variables together is crucial to assess the dynamics of a company's stock value in the capital market.

### Hypotheses

According to Sugiyono (2019), a hypothesis is a theoretical answer to a research problem that is based only on relevant theories and has not yet been supported by empirical evidence obtained through data collection. A hypothesis can guide researchers in determining the type of research design, the kind of data to collect, and how to analyze the data (Leedy and Ormrod, 2021). Based on the conceptual framework of this research, the hypotheses are as follows:

H1: Income Tax Article 25 has an effect on the Dividend Payout Ratio.

H2: The Dividend Payout Ratio has an effect on stock prices.

H3: Income Tax Article 25 affects stock prices through the Dividend Payout Ratio.

## RESEARCH METHOD

### Research Object

The object of this research is Income Tax Article 25 as the independent variable, Dividend Payout Ratio as the mediating variable, and Stock Price as the dependent variable.

### Population and Sampling Procedure

The population in this study consists of 98 food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The sampling in this research was carried out using the purposive sampling method based on predetermined criteria in the sample selection. Based on these criteria, 17 food and beverage sub-sector companies were selected as the research samples. The food and beverage sub-sector companies for the 2020–2024 period that became the research samples are presented in Table 1.

Table 1 Research Samples

No	Company Name	Code
1.	Astra Agro Lestari Tbk	AALI
2.	Bisi International Tbk	BISI
3.	Wilmar Cahaya Indonesia Tbk	CEKA

No	Company Name	Code
4.	Charoen Pokphand Indonesia Tbk	CPIN
5.	Delta Djakarta Tbk	DLTA
6.	Dharma Satya Nusantara Tbk	DSNG
7.	Indofood CBP Sukses Makmur Tbk	ICBP
8.	Indofood Sukses Makmur Tbk	INDF
9.	Japfa Comfeed Indonesia Tbk	JPFA
10.	PP London Sumatra Indonesia Tbk	LSIP
11.	Salim Ivomas Pratama Tbk	SIMP
12.	Sekar Laut Tbk	SKLT
13.	Tunas Baru Lampung Tbk	TBLA
14.	Tigaraksa Satria Tbk	TGKA
15.	Ultrajaya Milk Industry & Trading Company Tbk	ULTJ
16.	Garudafood Putra Putri Jaya Tbk	GOOD
17.	Pinago Utama Tbk	PNGO

Source: www.idx.co.id (Processed Data by Researcher, 2025)

### Types and Sources of Data

The type of data used is quantitative data in the form of financial statements of food and beverage sub-sector companies that serve as the samples. The data source in this study is secondary data, obtained from the official website of the Indonesia Stock Exchange (www.idx.co.id) and through the official websites of the companies.

### Data Collection Procedure

Data collection in this study was carried out using documentation study. The documents referred to in this study are annual financial statements consisting of income statements, statements of changes in equity, and notes to the financial statements of food and beverage sub-sector companies.

### Variable Identification

In this study, there are three types of variables used, namely independent variables, dependent variables, and mediating (intervening) variables.

### Operational Definition and Measurement of Variables

According to Sukardi (2019), an operational definition is the activity of measuring research variables based on specific characteristics reflected in the dimensions or indicators of the research variables. The operational definition and measurement of each variable in this study can be seen in Table 2.

Table 2 Operational Definition and Measurement of Variables

Variable	Operational Definition	Variable Measurement	Scale
Income Tax Article 25 (X)	Income Tax Article 25 is an installment of income tax that must be paid by the taxpayer on a monthly basis during the current fiscal year (Mardiasmo, 2018).	Income Tax Article 25 is obtained from the notes to the financial statements under the section of prepaid Income Tax Article 25 for one fiscal year. The ratio between the annual Income Tax Article 25 and profit before tax yields the percentage of Income Tax Article 25. Percentage PPh 25 $= \frac{\text{Income Tax 25}}{\text{Profit Before Tax}}$	Ratio

Variable	Operational Definition	Variable Measurement	Scale
Dividend Payout Ratio (Z)	Dividend Payout Ratio is a ratio that measures the comparison between dividend per share and earnings per share, which indicates how much profit from each share is distributed as dividends (Hery, 2018).	<p>To obtain the Dividend Payout Ratio, it is necessary to calculate the share ratios as follows:</p> <ol style="list-style-type: none"> <li><b>Earning Per Share (EPS)</b>                      In this study, Earnings Per Share is obtained from the income statement and the notes to the company's financial statements, or it can be calculated using the following formula:  <math display="block">EPS = \frac{\text{Net Income After Tax}}{\text{Outstanding Shares}}</math> </li> <li><b>Dividend Per Share (DPS)</b>                      Dividend Per Share is obtained by dividing the cash dividend in the statement of changes in equity by the share capital.  <math display="block">DPS = \frac{\text{Cash Dividend}}{\text{Outstanding Shares}}</math> </li> <li><b>Dividend Payout Ratio (DPR)</b>                      This is obtained from the percentage ratio of dividend per share to earnings per share.  <math display="block">DPR = \frac{\text{Dividend Per Share}}{\text{Earning Per Share}}</math> </li> </ol>	Ratio
Stock Price (Y)	Stock price is the price formed through the interaction between stock sellers and buyers, where investors expect to gain profit from the company. It is measured using the closing price (Darmadji and Fakhrudin, 2012).	<p>In this study, the stock price indicator uses the closing price.</p> $\text{Stock Price} = \text{Ln}(\text{Closing Price})$	Ratio

Source: Processed Data by the Researcher (2025)

### Analysis Technique

#### Descriptive Statistical Analysis

The method used in analyzing the data in this study is descriptive statistical analysis. According to Wahyuni (2020), descriptive statistical analysis is a technique used to assess and provide an overview of the characteristics of a data set.

#### Selection of Panel Data Regression Model

The use of panel data in regression analysis produces initial values and regression coefficients that differ for each company and observation period. In estimating the parameters of a panel data model, there are three techniques that can be used, namely:

**a. Common Effect Model (CEM)**

Ismanto and Pebruary (2021) state that this technique is a simple method for analyzing panel data. Before conducting regression, cross-section data must be combined with time-series data.

**b. Fixed Effect Model (FEM)**

The Fixed Effect Model (FEM) technique is also known as the Least Square Dummy Variable (LSDV) technique. This method assumes that the intercept and slope are the same across time and across companies (Ismanto and Pebruary, 2021).

**c. Random Effect Model (REM)**

According to Ismanto and Pebruary (2021), the random effect model assumes that differences across individuals or time are accommodated through the error term.

From the three models described above, the next step is to select the most appropriate method for panel data analysis. There are three tests used to determine which technique should be applied in panel data regression.

**1. Model Specification Test with Chow Test**

The Chow test is used to choose between the Common Effect Model (CEM) or the Fixed Effect Model (FEM). In conducting the Chow test, the regression model used is the FEM. The hypotheses are as follows:

H0: the selected model is the Common Effect Model (CEM)

H1: the selected model is the Fixed Effect Model (FEM)

According to Basuki and Prawoto (2017), the decision-making criteria are as follows:

- a. If the Chi-square probability (P-Value) for cross-section  $F \geq 0.05$  (significance level), then H0 is accepted, meaning that the most appropriate model to use is the Common Effect Model (CEM).
- b. If the Chi-square probability (P-Value) for cross-section  $F \leq 0.05$  (significance level), then H0 is rejected, meaning that the most appropriate model to use is the Fixed Effect Model (FEM).

When the chosen model is FEM, further testing is needed using the Hausman test to determine whether FEM or REM should be used. However, if the selected model is CEM, the Hausman test is skipped and the Lagrange Multiplier test is conducted.

**2. Model Specification Test with Hausman Test**

The Hausman test aims to choose between the Fixed Effect Model (FEM) and the Random Effect Model (REM). In conducting the Hausman test, the regression model used is the REM. The hypotheses to be tested (Ghozali and Ratmono, 2017) are as follows:

H0: the selected model is the Random Effect Model (REM)

H1: the selected model is the Fixed Effect Model (FEM)

The conclusion of the Hausman test is as follows:

- a. If the Chi-Square probability  $> 0.05$ , H0 is accepted, meaning the model used is REM.
- b. If the Chi-Square probability  $< 0.05$ , H1 is accepted, meaning the model used is FEM.

If the Hausman test results in REM, then the last test required to determine the best model is the Lagrange Multiplier test.

**3. Model Specification Test with Lagrange Multiplier (LM) Test**

The Lagrange Multiplier (LM) test is used to choose between the Common Effect Model (CEM) and the Random Effect Model (REM). In conducting the LM test, the regression model used is the CEM. The hypotheses to be tested (Ghozali and Ratmono, 2017) are as follows:

H0: the selected model is the Random Effect Model (REM)

H1: the selected model is the Common Effect Model (CEM)

The conclusions of the LM test are as follows:

- a. If the cross-section Breusch-Pagan probability  $\geq 0.05$ , H0 is accepted, meaning the model used is CEM.
- b. If the cross-section Breusch-Pagan probability  $\leq 0.05$ , H0 is rejected, meaning the model used is REM (Basuki and Prawoto, 2017).

The model selected in the LM test is considered the best model to use in panel data regression.

### Classical Assumption Test

Gujarati and Porter (2015) state that in panel models with common effect and fixed effect, the estimation uses Ordinary Least Square (OLS), while the random effect model uses Generalized Least Square (GLS). Since the GLS estimation satisfies classical assumptions, further evaluation is unnecessary. On the other hand, classical assumption testing is required in OLS estimation. Thus, the choice of estimation method determines whether classical assumption testing is needed. If REM (GLS) is chosen, classical assumption testing is unnecessary. Conversely, if CEM or FEM (OLS) is more appropriate, classical assumption testing is required.

According to Basuki (2016), in linear regression with the OLS approach, classical assumption tests include linearity, autocorrelation, heteroskedasticity, multicollinearity, and normality. However, in panel data regression not all tests are required, since:

- a. Linearity testing is rarely conducted since the model is already assumed linear.
- b. Normality is not a requirement for BLUE (Best Linear Unbiased Estimator), and some scholars argue it is not mandatory.
- c. Autocorrelation testing is irrelevant for cross-section or panel data, as it only applies to time-series data.
- d. Multicollinearity testing is needed when more than one independent variable is used. If only one independent variable exists, multicollinearity cannot occur.
- e. Heteroskedasticity often occurs in cross-section data, and panel data tends to resemble cross-section rather than time-series data.

From the explanation above, it can be concluded that the classical assumption tests required in panel data are only the multicollinearity test and heteroskedasticity test.

### Panel Data Regression Analysis

The regression analysis in this study is multiple regression analysis. Multiple linear regression is a regression model involving several independent variables. According to Ghazali (2019), multiple linear regression is conducted to determine the direction and extent of influence of independent variables on the dependent variable.

$$Z = \alpha + \beta_1 X + e$$

Explanation:

Z = Dividend Payout Ratio (intervening variable)

Y = Stock Price (dependent variable)

$\alpha$  = Constant coefficient

X = Income Tax Article 25 (independent variable)

$\beta_1 X$  = Regression coefficient of income tax article 25

$\beta_2 Z$  = Regression coefficient of dividend payout ratio

e = Standard error

### Hypothesis Testing

According to Sudaryana (2017), hypothesis testing is a procedure based on sample data to determine whether a hypothesis is relevant and significant. To test the influence and significance, this study employs two types of hypothesis testing, namely:

#### 1. Partial Test (t-test)

According to Ghazali (2019), the t-test essentially shows the extent to which an independent variable individually explains the variation of the dependent variable. This test is conducted with a significance level of  $\alpha = 5\%$  (0.05). Decision-making criteria are:

- a. If the t-statistic > t-table and p-value < 0.05, then H1 is accepted and H0 is rejected, meaning the independent variable has a significant partial effect on the dependent variable.
- b. If the t-statistic < t-table and p-value > 0.05, then H0 is accepted and H1 is rejected, meaning the independent variable does not have a significant partial effect on the dependent variable.

**2. Coefficient of Determination Test (R-Square)**

According to Ghozali (2018), the coefficient of determination test measures the extent to which the model can explain the variation of the dependent variable. The coefficient of determination is seen from the value of R<sup>2</sup> (R-Square). If the value approaches zero (0), the correlation is weak, meaning the independent variables explain very little of the dependent variable. If the value approaches one (1), the correlation is strong, meaning the independent variables have high explanatory power.

**Path Analysis**

This study uses path analysis to estimate the causal relationships among variables based on established theory (Ghozali, 2018). The following path model is constructed based on the research variables.

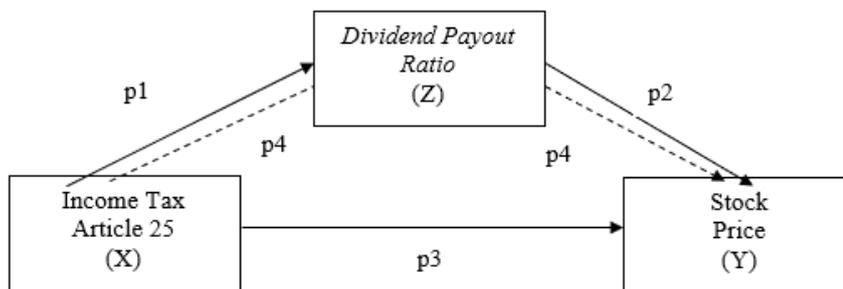


Figure 4 Path Analysis Model

Source: Processed Data by the Researcher (2025)

**Sobel Test Significance Analysis (Sobel Test)**

According to Ghozali (2018), the Sobel test can be conducted by testing the strength of the indirect effect of X on Y through Z. The Sobel test is carried out by measuring the extent to which the independent variable (X) has an indirect effect on the dependent variable (Y), as measured through the intervening variable (Z). The indirect effect of X on Y through Z is calculated by multiplying the path X → Z (a) with the path Z → Y (b), or ab.

The coefficient value  $ab = (c - c')$ , where c is the effect of income tax article 25 (X) on stock price (Y) without the mediation of dividend payout ratio (Z). Meanwhile, c' is the coefficient of the effect of income tax article 25 (X) on stock price (Y) with the mediation of dividend payout ratio (Z). The standard error of coefficients a and b can be written as Sa and Sb, and the magnitude of the standard error of the indirect effect is Sab, which can be calculated using the following formula:

$$t = \frac{ab}{\sqrt{(b^2SEa^2) + (a^2SEb^2)}}$$

Explanation:

- a = Path from the independent variable to the intervening variable
- b = Path from the intervening variable to the dependent variable
- SE = Standard error

**RESULTS AND DISCUSSION**

**Descriptive Statistical Analysis**

Table 3 Results of Descriptive Statistical Analysis

	Y	X	Z
Mean	7.547873	0.044521	0.507438
Median	7.377800	0.016100	0.414400
Maximum	9.419400	0.198900	4.115000
Minimum	5.293300	0.000700	0.032400
Std. Dev.	1.054860	0.056334	0.533473

Source: Processed Data by the Researcher Using EViews 12 (2025)

Based on the results of the descriptive statistical analysis in Table 3 above, it can be seen that stock price as the dependent variable (Y) has a maximum value of 9.419400 and a minimum value of 5.293300. The mean value is 7.547873, the median is 7.377800, and the standard deviation is 1.054860. This indicates that the mean stock price is greater than the standard deviation, meaning that the deviation of the data in the sample is relatively small. This condition suggests that the distribution of stock price data does not spread widely and is stable, so the stock price data is suitable for use.

Income tax Article 25 as the independent variable (X) has a maximum value of 0.198900 and a minimum value of 0.000700. The mean value is 0.044521, the median is 0.016100, and the standard deviation is 0.056334. This indicates that the mean value is smaller than the standard deviation, meaning that the deviation of the data in the sample is relatively large. This condition suggests that the Article 25 Income Tax data fluctuates, which means there are differences in the Article 25 Income Tax values among companies.

The intervening variable (Z), dividend payout ratio, has a maximum value of 4.115000 and a minimum value of 0.032400. The mean value is 0.507438, the median is 0.414400, and the standard deviation is 0.533473. This indicates that the mean value is smaller than the standard deviation, meaning that the deviation of the data in the sample is relatively large. This suggests that the data fluctuates, which means there are differences in the dividend payout ratio values among food and beverage companies.

**Panel Data Regression Model**

In testing the linear regression equation based on panel data, the panel data model that can be used in this study is as follows:

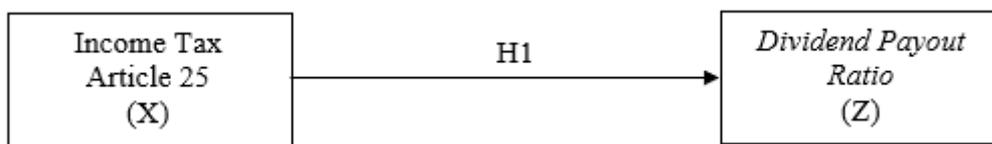


Figure 5 Sub Structural I  
 Source: Processed Data by the Researcher (2025)

In Figure 5, Sub-Structural I, a test was conducted to examine the effect of the Income Tax Article 25 variable on the Dividend Payout Ratio variable.

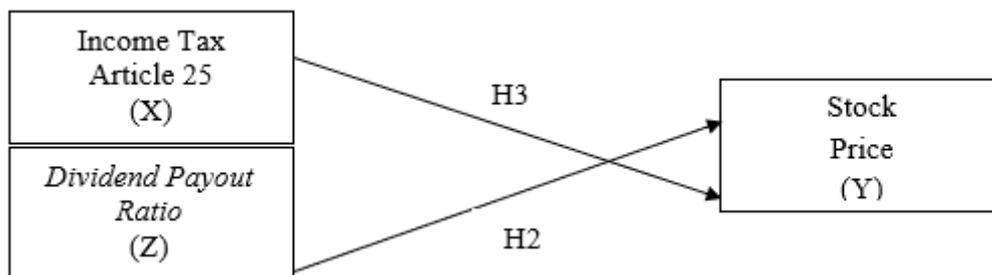


Figure 6 Sub Structural II  
 Source: Processed Data by the Researcher (2025)

Furthermore, in Figure 6, Sub-Structural II, a test was conducted to examine the effect of the Income Tax Article 25 and Dividend Payout Ratio variables on Stock Prices. Based on the results of selecting the panel data regression model using the Chow test, Hausman test, and Lagrange Multiplier test in both Sub-Structural I and Sub-Structural II, it can be concluded that the Random Effect Model (REM) is the best model to be used for processing and analyzing the research problems in this study.

**Classical Assumption Test**

In panel data regression, if the model used is the Random Effect Model (REM), then there is no need to perform a heteroskedasticity test. This is supported by Handarini (2014), who stated that in the classical assumption test using panel data, if the best-selected model is the Random Effect Model, then the

heteroskedasticity test is not necessary. Similarly, Sedyadi (2014) mentioned that when using the Random Effect Model with the Generalized Least Squares (GLS) method, violations of the classical assumption test can be disregarded. Since the best model used in this study is the Random Effect Model (REM), the classical assumption test in this research is the multicollinearity test.

### Sub Structural I

Table 4 Results of Multicollinearity Test Sub Structural I

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.005044	1.632028	NA
X	0.985609	1.632028	1.000000

Source: Processed Data by the Researcher Using EViews 12 (2025)

Based on the results of the multicollinearity test in sub-structural I in Table 4, the Variance Inflation Factor (VIF) value of 1.000000 is less than 10 ( $1.000000 < 10$ ), which means the data is free from multicollinearity. Therefore, it can be concluded that there are no symptoms of multicollinearity.

### Sub Structural II

Table 5 Results of Multicollinearity Test Sub Structural II

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.026279	2.202067	NA
X	4.173125	1.789456	1.096462
Z	0.046525	2.100313	1.096462

Source: Processed Data by the Researcher Using EViews 12 (2025)

Based on the results of the multicollinearity test of sub-structural II in Table 5, the Variance Inflation Factor (VIF) values for the income tax variable (X) and the dividend payout ratio (Z) are the same, namely 1.096462, which is less than 10 ( $1.096462 < 10$ ). This indicates that the data is free from multicollinearity, thus it can be stated that there are no symptoms of multicollinearity.

### Panel Data Regression Analysis

The regression analysis in this study is multiple regression analysis. The use of multiple linear regression analysis in this research aims to test sub-structural I, namely income tax article 25 (X) on the dividend payout ratio (Z), and to test sub-structural II, namely income tax article 25 (X) and dividend payout ratio (Z) on stock price (Y). The following are the results of the multiple linear regression that has been conducted.

#### Sub Structural I

$$Z = 0.3909 + 2.6173 X + e$$

Based on the multiple linear regression equation above, the analysis can be described as follows:

1. The constant value obtained is 0.3909. This indicates that if the independent variable, income tax article 25, is equal to zero, then the dividend payout ratio is 0.3909.
2. The regression coefficient value of income tax article 25 (X) is 2.6173, which means that if the income tax article 25 variable increases by 1%, the dividend payout ratio (Z) will increase by 2.6173.

#### Sub Structural II

$$Y = 7.4592 - 0.1246 X + 0.1856 Z + e$$

Based on the multiple linear regression equation above, the analysis can be described as follows:

1. The constant value obtained is 7.4592. This indicates that if the variables income tax article 25 and dividend payout ratio are equal to zero, then the stock price value is 7.4592.
2. The regression coefficient value of income tax article 25 (X) is -0.1246, which means that if the income tax article 25 variable increases by 1%, the stock price variable (Y) will decrease by -0.1246.
3. The regression coefficient value of the dividend payout ratio (Z) is 0.1856, which means that if the dividend payout ratio variable increases by 1%, the stock price variable (Y) will increase by 0.1856.

### Hypothesis Testing

Based on the research problems and hypotheses in this study, the hypotheses used for statistical testing are the partial effect test (t-test) and the coefficient of determination test (R-Square) in sub-structural I and sub-structural II, as follows:

#### Partial Test (t-test) Sub Structural I

Table 6 Results of t-Test Sub Structural I

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.390911	0.094940	4.117451	0.0001
X	2.617339	1.243560	2.104716	0.0383

Source: Processed Data by the Researcher Using EViews 12 (2025)

The results of the t-test in sub-structural I in Table 6 show that the probability value or p-value of X is 0.0383, which is smaller than 0.05 ( $0.0383 < 0.05$ ). Therefore, H1 is accepted and H0 is rejected, meaning that Income Tax Article 25 has an effect on the Dividend Payout Ratio.

#### Sub Structural II

Table 7 Results of t-Test Sub Structural II

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.459228	0.260604	28.62284	0.0000
X	-0.124628	1.573587	-0.079200	0.9371
Z	0.185627	0.090890	2.042330	0.0443

The results of the t-test in sub-structural II in Table 7 show that:

- a. The probability value or p-value of X is  $0.9371 > 0.05$ , therefore H0 is accepted and H1 is rejected, meaning that Income Tax Article 25 has no effect on Stock Prices.
- b. The probability value or p-value of Z is  $0.0443 < 0.05$ , therefore H1 is accepted and H0 is rejected, meaning that the Dividend Payout Ratio has an effect on Stock Prices.

#### Coefficient of Determination Test (R-Square) Sub Structural I

Table 8 Results of R-Square Test Sub Structural I

R-squared	0.051125
Adjusted R-squared	0.039693
S.E. of regression	0.457569

Source: Processed Data by the Researcher Using EViews 12 (2025)

The results of the R-Square test for sub-structural I in Table 8 show that variable X is able to explain variable Z by 0.0511 or 5.11%, which means that Income Tax Article 25 is only able to influence the Dividend Payout Ratio by 5.11%, while the remaining 94.89% is influenced by other variables.

**Sub Structural II**

Table 9 Results of R-Square Test Sub Structural II

R-squared	0.048534
Adjusted R-squared	0.025327
S.E. of regression	0.344576

Source: Processed Data by the Researcher Using EViews 12 (2025)

The results of the R-Square test for sub-structural II in Table 9 show that variables X and Z are able to explain variable Y by 0.0485 or 4.85%, which means that Income Tax Article 25 and the Dividend Payout Ratio are only able to influence Stock Prices by 4.85%, while the remaining 95.15% is influenced by other variables.

**Path Analysis**

In this study, path analysis was used to determine the effect of Income Tax Article 25 (X) through the Dividend Payout Ratio (Z) on Stock Price (Y). The mediation test framework is presented below.

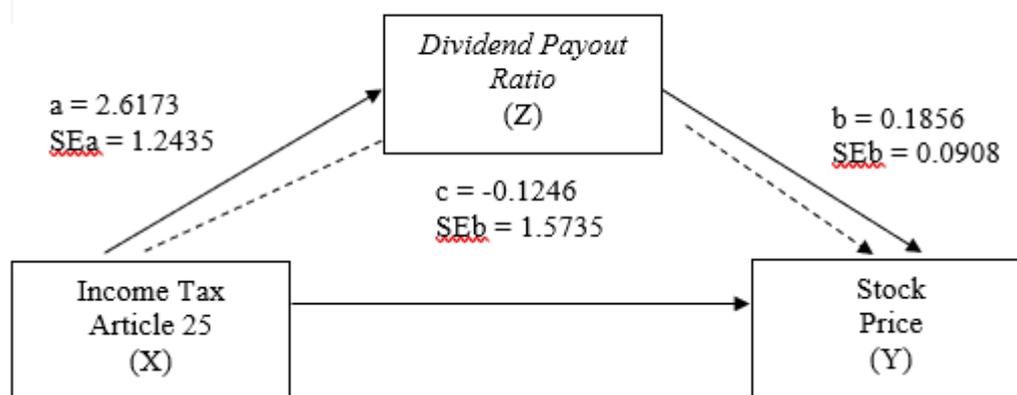


Figure 7 Mediation Test Framework

Source: Processed Data by the Researcher (2025)

Based on the mediation test framework in Figure 7 above, the direct effect, indirect effect, and total effect can be explained as follows:

1. Direct Effect  
Income Tax Article 25 on Stock Price  
 $X \rightarrow Y = -0.1246$
2. Indirect Effect  
Income Tax Article 25 on Stock Price through the Dividend Payout Ratio  
 $X \rightarrow Z \rightarrow Y = 2.6173 \times 0.1856 = 0.4857$
3. Total Effect  
Income Tax Article 25 on Stock Price through the Dividend Payout Ratio  
 $Total = c + (ab) = -0.1246 + 0.4857 = 0.3611$

Based on the analysis results, the direct effect of -0.1246 is smaller than the indirect effect of 0.4857 and also smaller than the total effect of 0.3611. Furthermore, to ensure the magnitude and significance of the intervening variable, the Sobel test was conducted to measure the mediating relationship between the independent and dependent variables.

**Sobel Test**

The Sobel test was conducted to determine the significance of the effect of Income Tax Article 25 as the independent variable (X) on Stock Price as the dependent variable (Y) through the Dividend Payout Ratio as the intervening variable (Z). The following are the results of the Sobel test.

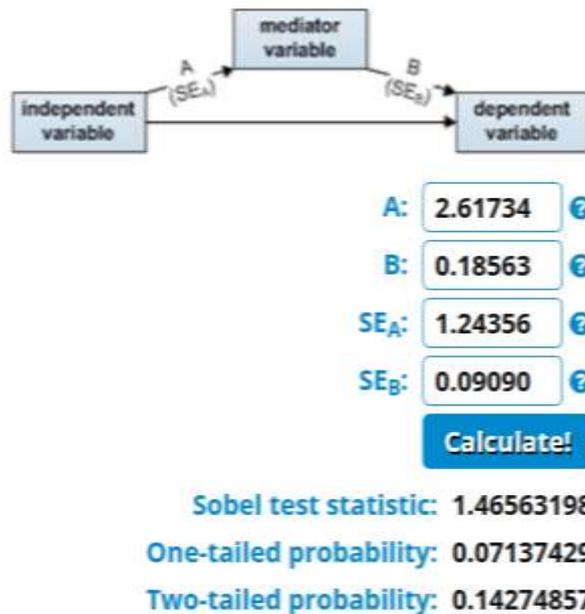


Figure 8 Sobel Test Results  
 Source: Online Statistical Calculator (2025)

Based on the results of the Sobel test in Figure 8 above, the t-statistic value of 1.4656 is smaller than the t-table value of 1.9893, with a probability value of 0.1427 which is greater than 0.05. Thus, it can be concluded that the dividend payout ratio is not able to mediate the effect of income tax article 25 on stock prices. Therefore, H<sub>0</sub> is accepted and H<sub>1</sub> is rejected.

### The Influence of Income Tax Article 25 on Dividend Payout Ratio

Income Tax Article 25 is a monthly tax installment tested against the dividend payout ratio (DPR). The results of the descriptive analysis show that the average Article 25 income tax is 0.044521 with a standard deviation of 0.056334, while the DPR has an average of 0.507438 with a standard deviation of 0.533473, indicating considerable fluctuation during the 2020–2024 period. The panel data t-test shows a coefficient of 2.6173 with a probability of 0.0383 (<0.05), meaning that Article 25 income tax has a significant effect on DPR. However, the R Square value is only 0.0511 (5.11%), indicating that Article 25 income tax explains only a small portion of the DPR, while the rest is influenced by other variables. Article 25 income tax is calculated from the percentage of tax payment to profit before tax; therefore, the larger the tax installment, the lower the net profit and company cash flow. This limits the company’s ability to distribute dividends in accordance with the residual dividend theory. Consequently, high payments of Article 25 income tax can suppress Dividend Per Share and Dividend Payout Ratio, which explains the significant effect despite its relatively small contribution.

### The Influence of Dividend Payout Ratio on Stock Prices

The dividend payout ratio (DPR) is the ratio of dividend per share to earnings per share, which shows the proportion of profit distributed as dividends. The analysis results indicate that stock prices have an average of 7.547873 with low fluctuation, while the DPR shows inconsistency because the standard deviation is larger than the average. The Sub-Structural II panel data t-test shows a DPR coefficient of 0.1856 with a probability of 0.0443 (<0.05), meaning that DPR significantly affects stock prices, although its contribution is small with an R Square of only 4.85%. This is consistent with previous studies stating that DPR has a significant effect on stock prices. Theoretically, a high DPR provides a positive signal (dividend signalling) that the company has good performance and prospects, thereby increasing stock demand. Internal factors such as net income, ROA, ROE, NPM, and EPS, as well as external factors such as interest rates, inflation, and exchange rates also influence stock prices. Thus, although DPR significantly affects stock prices, this variable explains only a small portion of stock price movements because they are mostly influenced by other factors.

### **The Influence of Income Tax Article 25 on Stock Prices through Dividend Payout Ratio**

Article 25 income tax is calculated from the percentage of tax payment to profit before tax. Article 25 income tax is a prepaid tax and is more related to compliance and profit than to operational performance or growth prospects, so its effect on net income, dividend policy, and stock prices tends to be minimal. The path analysis results show that the direct effect of Article 25 income tax on stock prices is not significant (coefficient -0.1246 and probability 0.9371), while the indirect effect through the dividend payout ratio (DPR) is 0.4857, which is larger than the direct effect. However, the Sobel test shows that the DPR mediation is not significant (t-stat  $1.4656 < 1.9893$  with probability 0.1427). This means that DPR cannot mediate the effect of Article 25 income tax on stock prices. Investors tend to pay more attention to fundamental factors such as earnings, ROA, ROE, NPM, EPS, financial stability, and growth prospects, rather than to relatively fixed tax expenses. In addition, external factors such as interest rates, inflation, exchange rates, and market sentiment are also more dominant in influencing stock price movements. Therefore, both Article 25 income tax and DPR do not have a significant effect on stock prices because internal and external factors play a greater role in shaping investor perceptions

### **The Most Dominant Variable Affecting Stock Prices**

Based on the analysis results, the most dominant variable affecting stock prices is the dividend payout ratio (DPR) with a regression coefficient of 0.1856 and a probability of 0.0443 ( $< 0.05$ ), meaning that every 1% increase in DPR will raise stock prices by 0.1856. In contrast, Article 25 income tax has no significant effect (probability 0.9371  $> 0.05$ ). The dominant influence of DPR can be explained by the fact that this ratio reflects the portion of net income distributed as dividends, which indicates the company's cash flow health and provides a positive signal to investors in line with the dividend signalling theory. This increases stock demand and leads to higher stock prices. However, the R Square value is only 4.85%, meaning that most stock price changes (95.15%) are influenced by other factors such as financial statements, financial performance (ROA, ROE, NPM, EPS), and macroeconomic conditions (interest rates, inflation, exchange rates). Thus, although DPR is significant, its influence on stock prices remains limited, and even though the dividend payout ratio is the most dominant variable in this study, stock prices are still largely influenced by company fundamentals and macroeconomic factors.

## **CONCLUSION AND SUGGESTION**

### **Conclusion**

Based on the results of the research and data analysis in chapter four, it can be concluded that income tax Article 25 has a significant effect on the dividend payout ratio of food and beverage sub-sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. Furthermore, the dividend payout ratio also has a significant effect on stock prices in the same sub-sector within the research period. However, income tax Article 25 does not show a significant effect on stock prices through the dividend payout ratio, indicating that no mediating relationship was found in this study. Among all the variables analyzed, the dividend payout ratio is the variable with the most dominant influence on stock prices in the food and beverage sub-sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period.

### **Suggestions**

The research results indicate that management needs to consider taxes, particularly Income Tax Article 25, in dividend planning since taxes affect the company's ability to pay dividends. In addition, a consistent dividend policy is important to maintain investor trust and the company's market value. The dividend payout ratio does not act as a mediating variable between income tax Article 25 and stock prices; therefore, it is suggested that future research consider the dividend payout ratio as an independent variable. By making the dividend payout ratio an independent variable, researchers can more specifically measure how management's decisions in distributing profits to shareholders can provide signals to investors and influence market perceptions of the company's performance and prospects.

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