

MARKET REACTION TO THE ENACTMENT OF FINANCE MINISTER REGULATION NUMBER 120 OF 2023 ON PROPERTY AND REAL ESTATE STOCKS

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Abstract

The introduction of PMK 120 of 2023, which offers DTP VAT incentives for the construction of landed houses and flats in the 2023 fiscal year, has led to a reaction in the capital market measured by Abnormal Return and Trading Volume Activity. A quantitative Event Study research is conducted to determine if there are any significant differences in Abnormal Return and Trading Volume Activity before and after the implementation of PMK 120 of 2023. Companies in the property and real estate sector listed on the Indonesia stock exchange were selected as the research sample through a purposive sampling method, totaling 84 samples. The One-Sample Wilcoxon Signed Rank Test was used as the analytical tool for this study. The findings of the research indicate that while there were no significant Abnormal Returns, there was a significant increase in Trading Volume Activity, suggesting that PMK 120 of 2023 has altered the expectations of individual investors. It is hoped that investors will be able to make informed decisions to either generate income or mitigate risks in the future capital market environment.

Keywords: Event Studies, Abnormal Returns, Trading Volume Activity, Government Policies, Signal Theory

1. INTRODUCTION

The capital market's existence greatly impacts the growth of the country's economy by promoting economic activities within the nation (Octafilia, 2016). The stock exchange, also known as the capital market, is a financial activity within the economic sector and a financial function that was built with the aim of advancing the country's economy and can alleviate the country's responsibilities related to finance according to the capital market Tandelilin (2010) in Puspita & Yuliari (2019). According to the Financial Services Authority (2023), A capital market is defined as a platform where long-term financial instruments like bonds, stocks, mutual funds, derivatives, and other securities can be exchanged. It serves as a crucial hub for connecting individuals or parties with surplus capital to those in need of funding (Hasibuan, 2024). Investors certainly expect profits (returns) from the form of investment they choose (Pujiono, 2018). In making an investment, investors also face the risk of failure. This risk can be predicted by analyzing the source of risk based on all information that affects capital market reactions (Suryani & Noviyari, 2023).

In accordance with Tandelilin's statement (2017) that the capital market or exchange is sensitive and vulnerable to events that occur in the environment. Events that have the potential to impact the stock market are events that communicate important economic information (Hartono, 2010). PMK Number 120 of 2023 is considered valuable information

with potential economic implications, particularly for businesses in the property and real estate industry. The effect of this PMK is expected to significantly affect the economic worth of these companies, on the behavior of the business world, government, investors, and society in making decisions (Anggariani & Suaryana, 2018). By looking at the impact that can be caused by events that contain economic value such as PMK 120 of 2023, it allows investors to measure the prospects for the issuer's performance, get an overview of the risks and expectations of returns on the funds they invest, so as to achieve optimal returns (Gabrielle, 2022).

Stock prices and company value are influenced by two key factors - external and internal elements, which cannot be separated from the returns obtained. Government regulations like export and import policies, corporate policies, debt policies, as well as Foreign Investment (PMA) policies are considered as external factors. On the other hand, internal factors consist of company fundamentals, corporate actions, and predictions about the company's future performance (OJK, 2023). PMK 120 of 2023 is included in external factors that make it possible to influence the increase in share prices so that investors get returns from the increase in share prices. The fluctuations in property and real estate sector companies' stock prices can be observed by looking at the property and real estate sector index around the time of the PMK regulation on November 21, 2023, suggesting a rise in stock prices (Aminah, 2021).

The property and real estate index (IDXPROPERT) shows that stock price movements on Wednesday, November 21, 2023, the property and real estate stock price index closed higher by a percentage of 1.05% or at a price of 710.71 (www.idx.co.id 2023). The increase in the property and real estate stock market index could be attributed to the impact of Minister of Finance Regulation (PMK) 120 of 2023, which has an effect on Abnormal Return. A company's worth is often evident in its stock price. Elevated stock prices serve as an indication of a company's high valuation (Simanjuntak & Hasibuan, 2023). The firms that offer stocks are greatly worried about the value of their stocks in the market as a low stock price may indicate poor company performance. One indicator to attract potential investors is the share price of a company. If the share price of a company continues to increase, investors or potential investors consider the company to be in a good condition. The more demand for an issuer's shares, the higher the share price will be if the share price continues to fall, meaning that the issuer's value can decline in the eyes of investors (U. A. Putri, 2017).

Some previous studies that have strong information content and signals to the economy were conducted by Napitupulu & Yasa (2018) regarding changes in our regulation Number 31 / M-Ind / Per / 8 / 2017 which there was a notable variation in Abnormal Return prior to and following the occurrence date. Additionally, studies carried out by Yasa & Sari (2020) analyzes the response of the financial industry to international economic events, Febriyanti & Rahyuda (2016) regarding the fuel price change policy states that information in the form of government policies causes price changes in the stock market, Putri (2020) concerning the varying exchange rate of the rupiah in comparison to the US Dollar, Agustiani & Suryandani (2022) regarding the implementation of new normal and Amalia & Ardiansari (2021) that indicated a variation in the average Abnormal Return for shares and Trading Volume Activity (TVA) within the cigarette subsector following a rise in excise taxes.

Prihastini & Herkulanus (2017) on Tax Amnesty indicates that there is no variation in Abnormal Return before and after the event date. Gunarso et al (2021) notes that the increase

in stock trading volume following the announcement of covid-19 demonstrates the importance of information in the market. Next, research of Ansorimala et al. (2022) demonstrated that there was no noteworthy deviation in returns and trading volume activity. In the research of Sutrisno & Swandari (2022) on The Omnibus Law on the Job Creation Bill specifies that there is not a notable abnormal increase in return and trading volume activity, as well as in Kuswati et al (2022) which shows the same results. Research by Salsabella et al (2023) observed that there are variations in the mean trading volume. Numerous research studies have been carried out on how markets respond to government policy announcements, yielding contrasting results or discrepancies from earlier studies. This particular study seeks to provide empirical proof of how economic policy announcements by the government impact economic scenarios distinct from those in previous studies, specifically focusing on the PMK Number 120 of 2023 announcement.

According to Hartono (2010), event study testing is utilized to assess the impact of an announcement on market responses, with a focus on analyzing information. Event studies are an improvement of the concept of semi-strong market efficiency by Fama (1991), which analyzes how the market reacts to announcements that contain information. Market efficiency is characterized by investors' quick reaction in absorbing information, forming a new price. Inefficient markets, on the other hand, are characterized by slow absorption of information, causing security prices to not reflect complete information (Hartono, 2010). A fast market reaction indicates efficiency, which can be measured by Abnormal Return and trading volume activity. The discrepancy between the expected return and the actual return is known as Abnormal Return (Andriani et al., 2021; Beer et al., 2023) (Beer et al., 2023). If the profit earned exceeds the anticipated or calculated profit, then there will be a positive difference in profit.

If the actual rate of return is lower than the anticipated or calculated rate, it will result in a negative return (Hartono, 2010). In addition to fluctuations in Abnormal Return, observing how the market responds to events can also be detected by fluctuations in stock trading volume, known as Trading Volume Activity (TVA). TVA is a tool that can be utilized to observe how the capital market responds to information by analyzing the fluctuations in trading volume activity within the market (Wardhana et al., 2021). This research investigates the potential impact of Abnormal Return and trading volume activity following the release of PMK Number 120 of 2023. The focus of PMK 120 of 2023 is on offering incentives such as government-covered VAT for the acquisition of landed houses and apartment units (Ministry of Finance, 2023). An examination will be conducted on property and real estate sector companies to assess the market response through event study testing because this sector is directly related to the purchase of landed houses and apartment units. The PMK is also useful for encouraging national economic growth in the dynamics of the global economy and realizing government support for the housing industry sector (PMK No.120, 2023).

This study uses three days before and after the enactment of the PMK on November 21, 2023. Determining the event window or observation period is useful in order to prevent the impact of outside data that may lead to alterations in trading volume and prices of the issuer concerned. If you set the event period too long, there is a risk that more events will occur which will have a big impact on the results (Hartono, 2010). This research examines a group

of businesses that are included in the property and real estate index on the Indonesia Stock Exchange (IDX) and are currently trading their stocks.

This research is to deeply examine the impact that may arise from the implementation of PMK Number 120 of 2023. Maharani & Putra (2022) stated that in the context of this kind of policy announcement, it can be anticipated that the market will respond with stock price fluctuations that can be observed since the announcement was made. The primary goal of this study is to offer a deeper understanding of the investment opportunities available within the property and real estate industry, presenting a strong foundation for the investment decisions of market participants, especially investors, in the face of the dynamics of policy changes affecting the sector and the study's findings are anticipated to have a noteworthy impact on the comprehension and planning of upcoming investment tactics, offering beneficial recommendations for individuals involved in the property and real estate sector and having a favorable influence on society by shedding light on the investment opportunities within the industry, so people can be wiser in making financial decisions related to purchases or planning their future better, especially in terms of financial planning and long-term investment.

In accordance with the background, the aim of this research is to establish if there is a notable disparity in Abnormal Return both prior to and following the occurrence of the PMK Number 120 of 2023. Additionally, the study seeks to ascertain the presence of any substantial variance in Trading Volume Activity (TVA) before and after the implementation of PMK Number 120 in 2023.

2. LITERATURE REVIEW

2.1. Signaling Theory

Signaling Theory is a concept that helps to explain how companies communicate information to investors, influencing their perceptions and potentially altering their investment choices (Suganda, 2018). According to Arifah & Fitria (2023) Signal theory is a concept which explores the fluctuations of prices in the market and provides investors with symmetrical market information about the same company prospects as business owners. Investors as parties who invest their funds in the company need to look for various information related to the company and assess it as a material consideration (Utami & Purbawangsa, 2021).

2.2. Theory of Market Efficiency

Fama (1970), states that an efficient market is one where stock prices incorporate all available information at a given moment (Lukman et al., 2023). Farma (1970) also explained that market efficiency is divided into the main forms seen from past information called weak market efficiency, current information that is being published is called half-strong market efficiency and private information is called strong market efficiency (Halimatusyadiyah, 2020). Efficiency in the market is achieved when the prices of securities can adapt to changing conditions based on the information available, so investors have the advantage of the speed of information. The effectiveness of the capital market relies on the impact of pertinent information (Ningrum et al., 2019).

2.3. Event Study

Hartono (2010) explains that Event study is about the market process in explaining events or events from the existence of information. Event study involves analyzing how the market responds to the release of information regarding a particular event (T. N. A. Putri, 2020). The purpose of this research is to explore how the stock market responds to available information (Fdez-Galiano et al., 2022). Event study is a research method commonly employed in capital market research, particularly in the context of testing market efficiency (Agustiani & Suryandani, 2022). Testing the information content in announcements and looking at previous abnormal returns is the result of event studies (Halimatusyadiyah, 2020).

2.4. Capital Markets

Ningrum et al (2019) explain that the capital market means a place where demand and supply for capital can be met, either in the form of long-term securities or equity. Investors use the capital market as a platform to put their money into companies they are interested in. (Firmansyah & Agustin, 2016). Companies can utilize the capital market as a tool to secure funding or capital from a variety of investors in order to enhance their growth and development (Lukman et al., 2023). The capital market serves as a benchmark in seeing the development or dynamism of a country's business in moving fiscal and monetary policy (Syahputri, 2018). A constantly evolving market is highly susceptible to global and general macroeconomic conditions. When the macro economy changes, investors make decisions on whether to purchase, sell, or retain the specific stock based on the potential benefits and drawbacks on company's performance (Arifah & Fitria, 2023).

2.5. Abnormal Return

The view of Halimatusyadiyah (2020) Abnormal Return refers to the discrepancy in value between the return actually achieved by investors and the return that was projected, surpassing the impact of market fluctuations, and is seen as a surplus gain. If the return obtained is higher than anticipated or computed, the variance in return will be favorable. Conversely, if the return obtained falls short of the projected or calculated return, the result will be negative (Panjaitan & Chandra, 2022). Abnormal return refers to the difference between the actual return and the expected return. The expected return is what investors anticipate, while the normal return is the return that typically happens without any significant events taking place (T. N. A. Putri, 2020).

The occurrence of an event can certainly make returns change, such as a country's fiscal policy which has a strong impact on stock returns (Heyden & Heyden, 2021). According to Hartono (2010) Abnormal returns are the result of external factors that impact a company's value and prompt investors to make decisions on whether to buy, sell, or hold the securities is in question. Events such as the merger or transfer of company ownership, the announcement of dividend distribution to shareholders, problems related to company law, also when there is an increase in interest rates, and other events Abnormal Return is usually publicized (Kusnandar & Bintari, 2020).

2.6. Trading Volume Activity

Foster (1986) explains that the concept of Trading Volume Activity (TVA) is a tool that can be utilized to gauge the liquidity of a particular stock within the financial market,

offering insight into how the market responds to new information by examining the fluctuations in trading volume activity (Putri & Amanah, 2020). Changes in stock trading volume show stock trading activity on the stock exchange and reflect investors' investment decisions (Setiawan, 2019). Trading volume is an accepted part of technical analysis (Suryani & Noviari, 2023).

An increase in trading volume can be divided into two meanings, namely when the volume increases due to good events that occur, it can be called good news. An increase in trading volume due to sales can be interpreted as bad news (A. N. Maharani & Yunita, 2018). When the volume of trading in stocks rises alongside an increase in price, it is a more significant indicator of positive market conditions (Triono et al., 2021). One way to determine Trading Volume Activity (TVA) is by examining the ratio of shares traded during a specific timeframe to the overall number of shares available during that time (Setiawan, 2019).

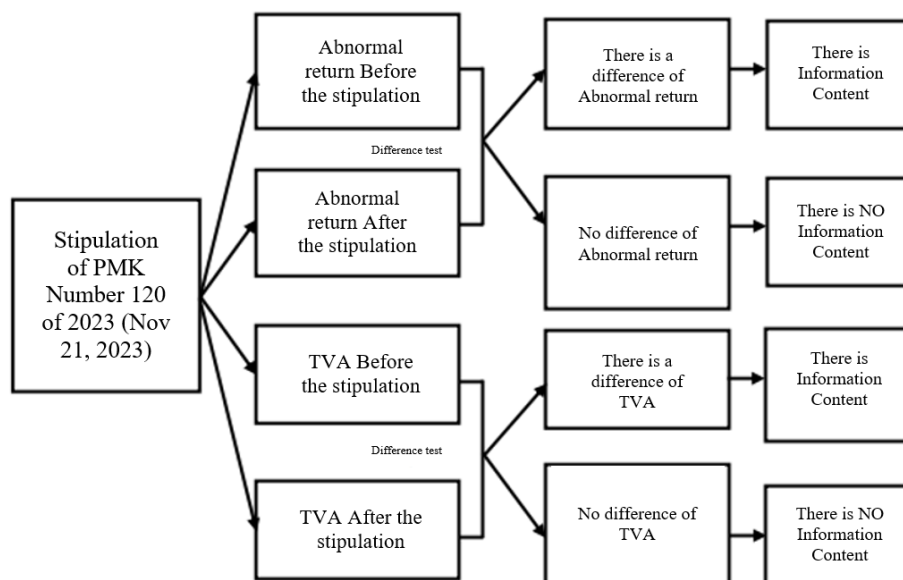


Figure 1. Conceptual Framework

This flowchart provides an overview of the event study impact of PMK Number 120, of 2023, concerning November 21, 2023, on financial markets. In this regard, abnormal returns and trading volume activity will be selected as indicators for the analysis. This will be done in the methodology by comparing these indicators before and after the regulation implementation. Difference testing will be run for each indicator as to whether there are significant changes. Results will be interpreted based on the information content—if there is a significant difference in either Abnormal Returns or TVA before and after the regulation, it might point to informational impact. If no significant difference is noted, that means the regulation did not convey any important market-moving information.

2.6. Research Hypothesis

a. The impact of Regulation Number 120 of 2023 issued by the Minister of Finance on Abnormal Return

Market reaction occurs when there is economic content in the information conveyed to the public. Based on the study of signal theory, Signaling Theory is a concept utilized to analyze how management's actions communicate information to investors, potentially influencing investors' perceptions of the company's status and impacting their decisions (Suganda, 2018). The faster information is conveyed to the public through management, of course, investors will respond to this in order to review their investment decisions. Investors in changing their investment decisions can certainly cause stock price movements. Efficient market theory suggests that rapid changes in stock prices in response to new information indicate market efficiency. An efficient market is characterized by a swift and accurate adjustment of prices to reach a new equilibrium based on all available information (Hartono, 2017).

The introduction of Minister of Finance Regulation (PMK) Number 120 of 2023 regarding Value Added Tax on the Sale of Houses and Government Subsidized Apartments for the fiscal year 2023 has the potential to impact the market. The information content in PMK Number 120 of 2023 provides a signal to investors to seek profits through the Abnormal Return of shares that occur. If the market response is positive, it could create a chance for investors to invest and see a rise in Abnormal Return following the event (Tandelilin, 2017). Abnormal Return is a method utilized to assess the divergence, whether positive or negative, between the actual and anticipated profit levels. Abnormal Return is said to affect the stock market if the change in Abnormal Return is large and occurs in a relatively short period of time, it can trigger a significant market reaction.

Previous research that supports the existence of market reactions as measured by Abnormal Return on a government policy can be seen from research conducted by Napitupulu & Yasa (2018) the Abnormal Return shows a noticeable contrast before and after the implementation of Changes in Kamenperin Regulations affecting manufacturing companies listed on the IDX. Febriyanti & Rahyuda (2016) also found a price change in the stock market regarding the fuel price change policy. Furthermore, a study conducted by Putri & Amanah (2020) indicated a significant difference in the average value of Abnormal Return shares before and after fluctuations in the rupiah exchange rate against the US Dollar. In Yasa & Sari (2020) research explains that the market response to the Wall Street downturn event was demonstrated by the disparity in average Abnormal Return before and after the incident on March 21, 2020.

H1 : The abnormal return shows a noticeable contrast before and after the event of determining PMK Number 120 of 2023.

b. The impact of Minister of Finance Regulation Number 120 of 2023 on Trading Volume Activity (TVA) should be considered

Minister of Finance Regulation No. 120 of 2023 will certainly attract public interest in purchasing property or new housing which has an impact on increasing property sales. Increased property sales will also have an impact on increasing the value of companies in this sector. Event Study is one of the methodologies used in looking at the impact of specific information on company value. Investors will take notice of a rise in the company's worth,

leading to a growing interest in the stocks of property and real estate companies and encouraging more activity in the stock market.

Investor enthusiasm for buying and selling company shares can be seen through Trading Volume Activity (TVA). TVA provides insight into how the market reacts to public announcements. Market response can be influenced by TVA because this trading volume can provide a sign of investor interest in a stock or the market as a whole. If the trading volume is high, it can signal increased interest from investors to trade in that stock or market. This can result in high price volatility and affect market response.

Research related to Trading Volume Activity (TVA) includes studies by Wibowo & Sukmaningrum (2019) demonstrating variations in levels of trading activity pre and post announcement. Agustiani & Suryandani (2022) in relation to the adoption of the new standard, it was discovered that notable variances existed in the average Abnormal Return and trading volume levels. According to Sutrisno & Swandari (2022), it is found that there is a notable increase in Abnormal Return and Trading Volume Activity (TVA) in the Omnibus Law regarding job creation. Research from Kuswati et al (2022) shows that before the event, there is a noticeable abnormal return and increase in trading volume activity. Amalia & Ardiansari (2021) in their research also indicated a variation in the mean Abnormal Return and Trading Volume Activity (TVA) of the sector of cigarette stocks prior to and following the rise in excise tax. From the information contained in the stipulation of PMK Number 120 of 2023 concerning the Delivery of Tread Houses and Government-Borne Flats for Fiscal Year 2023, investors can buy or sell shares, which in turn can affect stock prices and have a domino effect throughout the market. Based on this explanation, the hypothesis of this study can be structured as follows:

H2 : Trading Volume Activity (TVA) shows a noticeable contrast before and after the implementation of PMK Number 120 of 2023.

3. RESEARCH METHODS

Drawing from the background information provided earlier, this research employs a quantitative methodology using the event study approach to analyze the response of the market to a specific announcement. The focus of this study is on examining the impact of the announcement of PMK Number 120 of 2023, which pertains to the Delivery of Tread Houses and Government-Borne Flat Units for Fiscal Year 2023 and was declared on November 21, 2023. The investigation is centered on companies within the property and real estate sector that are listed on the Indonesia Stock Exchange (IDX) in 2023. The research entails a seven-day observation window surrounding the announcement date. The study framework encompasses various stages such as the Announcement of the Determination of PMK Policy Number 120 of 2023, problem delineation, research objectives, hypotheses formulation, theoretical review, empirical examination, statistical analysis, findings interpretation, and conclusions and recommendations.

The research setting involves collecting and analyzing data from companies listed on the Indonesia Stock Exchange (IDX) website that are categorized under the property and real estate sector for the year 2023. The main focus of the study is to evaluate the stock market response to Minister of Finance Regulation (PMK) Number 120 of 2023 concerning Value Added Tax on the Delivery of Tread Houses and Government-Borne Flat Housing

Units for Fiscal Year 2023 by assessing the presence of substantial Abnormal Return and Trading Volume Activity (TVA) in companies operating in the property and real estate sector that are listed on the IDX.

3.1. Research Variables

This study consists of two variables, namely Abnormal Return and Trading Volume Activity (TVA) as the indicators in seeing capital market reactions. These research variables will be described in detail to obtain a deep understanding of the factors involved in the phenomenon under study. This research focuses on all 92 companies operating in the property and real estate sector that are listed on the Indonesia Stock Exchange in 2023. The sample selection method for this study involves nonprobability sampling with the purposive sampling technique. Where according to Sugiyono (2018), purposive sampling is a method of selecting samples based on specific criteria to determine the appropriate sample size for study (Anggariani & Suaryana, 2018).

Table 1. Sample Selection

No	Criteria	Number of Companies
1	The listed companies on the Indonesia Stock Exchange that deal with properties and real estate	92
2	Companies that IPO after June 21, 2023	(5)
3	Not actively trading its shares in the research observation period	0
4	Perform corporate actions that can affect returns such as rights issue, stock split, or bonus shares and various other types of policies on the same date as the observation period carried out.	(3)
Total companies used as samples		92 - 8 = 84

Source: Data Processed, 2024

The research utilized quantitative data for analysis. Secondary data sources, including the Indonesia Stock Exchange website (www.idx.com) and Yahoo Finance (www.finance.yahoo.com), were used to collect information on stock prices and trading volume in the property and real estate sector. The data collection involved recording and studying content from scientific journals and theses, as well as accessing the Indonesia Stock Exchange website and Yahoo Finance. Analysis of the data was conducted using descriptive statistics, a normality assumption test, and the One Sample Wilcoxon Signed Rank Test with the assistance of the SPSS program.

4. RESULTS AND DISCUSSION

4.1. Research Results

4.1.1. Normality Test Results

Table 2. Normality Testing of Abnormal Returns Data

Window Period	Stipulation of Minister of Finance Regulation Number 120 Year 2023	
	Asymp. Sig. (2-tailed)	Description
t-3	0,000	Not Normal
t-2	0,000	Not Normal
t-3	0,000	Not Normal
t0	0,000	Not Normal
t+1	0,000	Not Normal
t+2	0,000	Not Normal
t+3	0,000	Not Normal

Source: Data processed, 2024

The results of the normality test for Abnormal Return data in Table 2 indicate that all Abnormal Return data related to PMK Number 120 of 2023 have an Asymp value. Sig. (2-tailed) of 0.000, suggesting that the distribution of Abnormal Return data is not normal. The test reveals that the significance level is below 0.05 throughout the observation period. The upcoming phase will present the findings of the Normality Test for Cumulative Abnormal Return (CAR).

Table 3. Normality Testing Cumulative Abnormal Return (CAR)

	Stipulation of Minister of Finance Regulation Number 120 of 2023	
	Asymp. Sig. (2-tailed)	Description
CAR	0,000	Not Normal

Source: Data processed, 2024

Table 3 indicates that the Cumulative Abnormal Return data does not follow a normal distribution, with the Asymp. Sig. (2-tailed) value being less than 0.05 at 0.00. Similarly, the Normality Test on Abnormal Return data also confirms non-normal distribution. Moving forward, the next set of data to be analyzed is Trading Volume Activity (TVA).

Table 4. Normality Testing of Trading Volume Activity (TVA)

Window Period	Stipulation of Minister of Finance Regulation Number 120 of 2023	
	Asymp. Sig. (2-tailed)	Description
t-3	0,000	Not Normal
t-2	0,000	Not Normal
t-3	0,000	Not Normal
t0	0,000	Not Normal
t+1	0,000	Not Normal
t+2	0,000	Not Normal
t+3	0,000	Not Normal

Source: Data processed, 2024

The results of the Normality Test for Trading Volume Activity (TVA) displayed in Table 4 indicate that the Asymp. Sig. (2-tailed) is less than 0.05, suggesting that the data for all TVA is not distributed normally upon the announcement of PMK Number 120 of 2023. The subsequent step involves conducting a Normality Test on the Average Trading Volume Activity (ATVA) data.

Table 5. Normality Testing Average Trading Volume Activity (ATVA)

	Stipulation of Minister of Finance Regulation Number 120 of 2023	
	Asymp. Sig. (2-tailed)	Description
ATVA	0,000	Not Normal

Source: Data processed, 2024

Table 5 displays the results of the Normality Test for Average Trading Volume Activity (ATVA) data, indicating that the Asymp. Sig. (2-tailed) value is less than 0.05 at 0.000. Therefore, the ATVA data specified in the declaration of PMK Number 120 of 2023 is not distributed normally.

4.1.2. One Sample Wilcoxon Signed Rank Test Results

Table 6. One Sample Wilcoxon Signed Rank Test Results Abnormal Return

Stipulation of Minister of Finance Regulation Number 120 of 2023				
		Test	Sig	Decision
1	t-3	One Sample Wilcoxon Signed Rank Test	0,673	Retain the null hypothesis
2	t-2	One Sample Wilcoxon Signed Rank Test	0,732	Retain the null hypothesis
3	t-1	One Sample Wilcoxon Signed Rank Test	0,355	Retain the null hypothesis
4	t0	One Sample Wilcoxon Signed Rank Test	0,992	Retain the null hypothesis
5	t+1	One Sample Wilcoxon Signed Rank Test	0,031	Reject the null hypothesis
6	t+2	One Sample Wilcoxon Signed Rank Test	0,036	Reject the null hypothesis
7	t+3	One Sample Wilcoxon Signed Rank Test	0,516	Retain the null hypothesis

Source: Data processed, 2024

The findings from Table 6 demonstrate that there is a statistically significant market response, as indicated by Abnormal Return, on the days immediately following the implementation of PMK Number 120 of 2023. Specifically, at $t + 1$ and $t + 2$, the significance value is less than 0.05. However, on the days $t-3$, $t-2$, $t-1$, $t0$, and $t+3$, the significance value is greater than 0.05, indicating no significant market reaction during this five-day observation period following the implementation of PMK Number 120 of 2023. The market reaction that occurs as measured by Abnormal Return will be concluded with the results of the Cumulative Abnormal Return (CAR) measurement test.

Table 7. Results from a single-sample Wilcoxon signed rank test for Cumulative Abnormal Returns

Stipulation of Minister of Finance Regulation Number 120 of 2023				
		test	Sig	Decision
1	Cumulative Abnormal Return (CAR)	One Sample Wilcoxon Signed Rank Test	0,977	Retain the null hypothesis

Source: Data processed, 2024

The findings from Table 7 regarding the One Sample Wilcoxon Signed Rank Test for Cumulative Abnormal Return indicate that the significance level of Cumulative Abnormal Return (CAR) is above 0.05. This suggests that there is no substantial market response, as measured by Cumulative Abnormal Return, to the PMK Number 120 of 2023. Subsequent testing will focus on Trading Volume Activity (TVA) using the One Sample Wilcoxon Signed Rank Test. The decision criterion will be based on the significance value. If the 2-tailed p-value is less than 0.05, it indicates a notable Trading Volume Activity (TVA) and implies a market response to the announcement of PMK Number 120 of 2023.

Table 8. One Sample Wilcoxon Signed Rank Test Trading Volume Activity (TVA) Test Results

Stipulation of Minister of Finance Regulation Number 120 Year 2023				
		Test	Sig	Decision
1	t-3	One Sample Wilcoxon Signed Rank Test	0,000	Reject the null hypothesis
2	t-2	One Sample Wilcoxon Signed Rank Test	0,000	Reject the null hypothesis
3	t-1	One Sample Wilcoxon Signed Rank Test	0,000	Reject the null hypothesis
4	t0	One Sample Wilcoxon Signed Rank Test	0,000	Reject the null hypothesis
5	t+1	One Sample Wilcoxon Signed Rank Test	0,000	Reject the null hypothesis
6	t+2	One Sample Wilcoxon Signed Rank Test	0,000	Reject the null hypothesis
7	t+3	One Sample Wilcoxon Signed Rank Test	0,000	Reject the null hypothesis

Source: Data processed, 2024

The findings from the study revealed that the Trading Volume Activity (TVA) in Table 8 indicated a significance level below 0.05, specifically at 0.000 from time t-3 to t+3 as per the guidelines of PMK Number 120 of 2023. This particular guideline highlights a notable market response in terms of Trading Volume Activity (TVA) throughout the entire event window period outlined in PMK Number 120 of 2023. The determination of a significant market reaction was drawn from the outcomes of the Average Trading Volume Activity (ATVA) assessment.

Table 9. One Sample Wilcoxon Signed Rank Test Average Trading Volume Activity (ATVA) Test Results

Stipulation of Minister of Finance Regulation Number 120 of 2023				
		test	Sig	Decision
1	Average Trading Volume Activity (ATVA)	One Sample Wilcoxon Signed Rank Test	0,000	Retain the null hypothesis

Source: Data processed, 2024

Table 9 displays the findings of the One Sample Wilcoxon Signed Rank Test on Average Trading Volume Activity (ATVA), indicating a significance level below 0.05, specifically 0.000, following the announcement of PMK Number 120 of 2023. These results suggest a notable market response as measured by ATVA to the stipulation of PMK Number 120 of 2023.

4.2. Discussion

4.2.1. Abnormal Return on the Determination of PMK Number 120 of 2023

PMK Number 120 of 2023 policy can be said to contain information if it triggers certain actions such as investor reactions in the capital market. Market reactions occur when information containing economic elements, namely PMK Number 120 of 2023, is conveyed to the public and responded to by investors, causing stock price movements. This aligns with signal theory, which suggests that the information given to investors can influence their decision-making when evaluating a company's situation. Abnormal Return, a proxy for measuring reactions in the capital markets, demonstrates a noteworthy response the day following the policy announcement ($t+1$) and two days later ($t+2$). The issuance of PMK Number 120 of 2023 promotes a rise in new property sales, affecting company earnings. This occurrence indirectly draws investors' focus towards the stocks of property and real estate sector companies.

A significant response was given by investors on one day after the policy stipulation, namely November 22, 2023. The presence of a favorable Abnormal Return on the following day of the announcement signifies this occasion as favorable for investors. Swift changes in stock prices as a result of freshly released data can be viewed as a well-functioning market. A market is considered efficient when it promptly and accurately responds to a new equilibrium price that incorporates all available information. A significant reaction was also shown by investors in the observation period two days later on November 23, 2023. This happened because investors were slow to react to this event. Investors need to make considerations first when PMK Number 120 of 2023 is set on November 21, 2023.

On the remaining five days of the study, specifically on $t-3$, $t-2$, $t-1$, t_0 , and $t+3$, there was no notable response from investors to the introduction of PMK Number 120 of 2023, as indicated by a significant value exceeding 0.05. The evaluation using Cumulative Abnormal Return (CAR) will determine how investors reacted to the news of PMK Number 120 of 2023. The assessment based on the Cumulative Abnormal Return (CAR) demonstrates a significant value surpassing 0.05, implying that Indonesian investors did not show a substantial response to the event of PMK determination. Based on the Cumulative Abnormal Return analysis, the Hypothesis suggesting a Significant Abnormal Return Before and After the PMK Number 120 of 2023 Determination event is neither accepted nor rejected. The lack of significance suggests that the market did not react significantly to the impact of PMK Number 120 of 2023 on the Abnormal Return of property and real estate sector companies. This suggests that PMK Number 120 of 2023 lacks valuable information for investors. This is because investors view the announcement of this PMK as disadvantageous. Moreover, it demonstrates that the market has the capacity to anticipate and analyze this event, leading to no abnormal returns. Investors cannot achieve abnormal returns through public information

when trading in the capital market, given that it operates under the semi-strong form of market efficiency.

The findings of this investigation align with previous studies carried out by Panjaitan & Chandra (2022), Gunarso et al (2021), Kuswati et al (2022), Salsabella et al (2023), Sutrisno & Swandari (2022) and Pratiwi & Wirama (2021) in their research showing that the market does not react to existing policies. Research conducted (Prihastini & Herkulanus, 2017) also shows that there is no apparent impact on investor behavior in the stock market before or after the tax amnesty law was introduced.

4.2.2. Trading Volume Activity in PMK Number 120 of 2023

The theory of signaling portrays the significance of publicized data as a cue for investors when they are making choices regarding investments. The announcement of the stipulation of PMK Number 120 of 2023 as published information can increase company value and attract investors to trade shares. If around the day of the determination announcement, Trading Volume Activity (TVA) fluctuates, investors make transactions on the stock exchange. Examinations conducted on Trading Volume Activity (TVA) point to significant findings with a p-value below 0.05 over a seven-day period and throughout all observation periods. These findings suggest that investors are notably responsive to the provisions made by the PMK.

The study was conducted from three days prior to one day prior to the policy announcement, specifically from November 16, 2023 to November 20, 2023. The results indicated a value of less than 0.05, specifically 0.000, signifying a notable reaction from investors. The market has shown an early reaction before the policy was announced by the Ministry of Finance on November 21, 2023. Significant stock trading activity was carried out before the PMK was announced by investors. This is because investors are convinced that they will benefit from this event. The early response can also occur because the PMK on the provision of value-added tax on the delivery of landed houses and apartment units borne by the government in fiscal year 2023 has been considered since one month before the stipulation of this PMK by the government.

The day of policy determination (t), namely on November 21, 2023, investors reacted again with significant share sales volume activity as indicated by a significant value of 0.000. The re-emergence of the market response can be caused by the fact that tax incentives for new property purchases have been officially announced on the Ministry of Finance Website. The implementation of this policy has resulted in a rise in property transactions, thereby affecting the worth of firms within the real estate industry. Consequently, investors are showing greater interest in making investments in this sector.

The results of the tests conducted at time points $t+1$, $t+2$, and $t+3$ indicate a statistically significant value below 0.05, specifically at 0.000. This suggests that there is a noteworthy response from the market to the implementation of PMK Number 120 of 2023. The reaction that occurs is a further effect of the information contained in the PMK Number 120 of 2023 policy. Investors are hesitant to react immediately due to the necessity of analyzing the PMK policy before making any decisions. In order to determine how the policy impacts sales volume, tests were carried out on the Average Trading Volume Activity (ATVA) of shares.

The test results with the ATVA measurement show significant results with a significant value that is less than 0.05, which is 0.000. The strong reaction from the market shows that

the PMK policy announcement contains valuable information that can impact how investors make their investment choices. The economic significance of PMK Number 120 of 2023 is positive for market participants, leading to quick and precise responses reflected in the TVA fluctuations.

Thus, the second hypothesis There is a Significant Trading Volume Activity (TVA) Before and After the Event of the Determination of PMK Number 120 of 2023 can be accepted. and the significant value indicates that there is a significant market reaction to the effect of the determination of PMK Number 120 of 2023 on the TVA of property and real estate sector companies.

Similar results, namely the existence of a significant market response to the release of a government regulation, are also shown in research by Agustiani & Suryandani (2022), Amalia & Ardiansari (2021), Febriyanti & Rahyuda (2016), Gunarso et al (2021), Putri & Amanah (2020), Salsabella et al (2023), and Yasa & Sari (2020) when there is a notable contrast in trading volume activity (TVA) before and after the implementation of the policy. Anggariani & Suaryana (2018) similarly present comparable research findings, specifically showing notable Trading Volume Activity (TVA) prior to, during, and following the release of Perppu No. 1 of 2017.

5. CONCLUSION

According to the findings from the research, it is evident that the capital market response to the announcement of Minister of Finance Regulation (PMK) 120 of 2023 regarding Value Added Tax on Delivery of Landed Houses and Government-Borne Flats for Fiscal Year 2023, as indicated by Abnormal Return, displays a substantial variance in Abnormal Return pre and post the event of PMK Number 120 of 2023 on two consecutive days following the PMK decision. However, the remaining five days do not exhibit any significant difference in Abnormal Return before and after the event of PMK Number 120 of 2023.

The capital market reaction assessed through Trading Volume Activity (TVA) suggests a clear contrast in TVA before and after the PMK Number 120 of 2023 announcement on all days of policy determination. The analysis of Average Trading Volume Activity (ATVA) will be used to summarize the outcomes of Trading Volume Activity (TVA). The findings indicate notable variations in TVA pre and post the PMK Number 120 of 2023 announcement.

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