

The Effect of Social Responsibility Performance on the Relationship between Tax Planning and Corporation Value¹

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INTRODUCTION

With the occurrence of financial scandals in the past years, the trust of investors towards financial statements was lost, and shareholders and creditors were forced to pay attention to the obligations of business units regarding social responsibility and its disclosure in the capital market, in addition to financial aspects. Companies are expected to consider themselves committed to the performance of social responsibility and act accordingly, with this act having a significant impact on the financial performance of the company. The acceptance of social responsibility by

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the company causes the company to pay special attention to the environment and clean energy. In other words, the entity should consider itself a part of society in any situation be responsible towards it, and act to improve public welfare regardless of the interests of the company. If the entities want to increase the value of the firm by considering long-term planning, they can use optional social responsibility. The entities reduce the negative effects of their actions on society and the environment, which reduces the negative effects. It increases the value of the company. One of the actions that increase the value of the company and the wealth of the shareholders is using methods that reduce the tax paid by the company, that is, to make a kind of tax planning that results in paying less than the actual tax. Therefore, to reduce tax payments, social responsibility can play an influencing role. Taking into account the investigations carried out in domestic research, it became clear that the research that investigates the relationship between social responsibility, tax planning, and company value at the same time has not been done. In the present research, to study the relationship between these three components, simultaneity has been investigated.

This research is descriptive and correlational and can be applied to investor decision-making. In this capital market research, we were interested to know whether there is a relationship between the two groups of information or not.

MATERIALS AND METHODS

This research is descriptive and correlational and can be applied to investor decision-making. For data collection, first, the library method and then the methods provided by the Tehran Stock Exchange Statistics Organization have been used. In this type of capital market research we want to know whether there is a relationship between the two datasets or not, so examining the sign and degree of the correlation. The present study

is analytical and correlational. This research is also quantitative based on the nature and characteristics used to analyze them.

RESULTS AND DISCUSSION

The first hypothesis of the research seeks to investigate and discover the relationship between tax planning and company value. According to the obtained results, it was determined that tax planning has a positive effect on the value of the company. Therefore, the improvement of tax planning in companies increases their value, the reason is that investors trust in managers who apply tax planning which increases the value of the company. Tax planning causes the tax paid by the company to decrease, and with this reduction, the profit after tax deduction increases. Therefore, tax planning in the short term increases the benefits of management in the form of bonuses and the interests of shareholders in the form of receiving cash dividends. In the long run, by reducing the outflow of cash from the company, this issue can lead to the company's long-term goals related to investments or increasing the production capacity, which increases the value of the company.

The results of the second hypothesis test indicate that higher social responsibility has a positive and significant effect on the relationship between tax planning and company value, so the result obtained is that higher social responsibility has a positive effect on tax planning on value. The company becomes more intense. The reason is probably found in the tax evasion of economic actors in the Iranian stock market. This attitude can be rooted in the perception of tax injustice according to the perception of taxpayers. On the other hand, it can be seen that the fulfillment of social responsibility by active companies of the Tehran Stock Exchange is not implemented effectively and completely.

CONCLUSION

Based on the obtained results, it has been determined that the improvement of tax planning increases the value of the company, and

managers can increase the value of the company by using tax planning. Also, higher social responsibility has a positive and significant effect on the relationship between tax planning and company value.

Keywords: Corporate Value, Social Responsibility, Tax Planning, Financial Performance

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