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Small and Medium Size Organization Tax Planning Practice in Baglung, Nepal

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Abstract

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Tax planning remains a pivotal yet contentious issue, balancing government interests in revenue generation with organizational goals of minimizing tax liabilities. This study adopts a positivist research philosophy, complemented by elements of critical realism, to explore the relationships between strategic, project, and action planning and their impact on tax planning behaviors. Data were collected through structured surveys, which included targeted closed-ended questions to provide a thorough understanding of the phenomenon. This approach ensured clarity and precision in capturing respondents' insights, allowing for a detailed analysis of the underlying trends and patterns. Quantitative analyses, including Chi-square tests, t-tests, two-way ANOVA, and logistic regression, revealed significant impacts of strategic, project, and action planning on tax planning and the mediating role of knowledge and attitudes in these relationships.

Additionally, the findings highlight the influence of planning factors on knowledge and attitudes, which subsequently affect tax planning behaviors. The study underscores the importance of integrating strategic, project, and action planning into organizational tax strategies to enhance compliance and efficiency. Future research is encouraged to explore further the integration of behavioral economics, emerging technologies, cross-cultural perspectives, and policy frameworks to enrich the tax planning field.

1. Introduction

Tax planning is a contentious issue because it is important to governments in raising funds for their activities and to business organizations in managing, monitoring, and controlling their cash flows. The governments want to collect as much taxes as possible, and the business organizations want to pay as little. The difference between what the business organizations want to pay as taxes and what the Government expects from them puts the governments and the business organizations on opposite sides (Soetan & Oyetunji, 2018).

Every Government has to spend a lot of money to fulfill its responsibility toward the people, carry out development activities, handle day-to-day administrative work, maintain peace and security, and launch other public welfare activities. Tax is one of the significant sources of revenue collection. It is a compulsory levy imposed by the Government on the people and institutions of the country according to the prevailing laws. In the current landscape, the Government has undertaken numerous responsibilities, which include driving economic and social transformation, ensuring security, enhancing the country's image, facilitating development, and effectively managing the utilization of resources. To discharge their duties, they need to perform various activities. These activities required huge public expenditure. Substantial public revenue is essential to address this expenditure. Taxes serve as the key source of this revenue. They are a powerful tool for driving socio-economic transformation and fostering cohesion within the country. In Dalton's view, taxes affect growth and development by shifting and changing the supply of resources. It is the backbone of Government functioning.

A tax is a compulsory contribution imposed by a public authority irrespective of the exact amount of service rendered to the taxpayer in return and not imposed as a penalty for any legal offense (Dalton, 1971). Taxes are mandatory contributions to the state owed by individuals or entities that are coercive based on law by not getting direct benefits. They are used for the country's needs for the greatest prosperity of the people. The role of tax as domestic revenue is very dominant, but it is still not optimal when seen from the number of taxpayers who have not become compliant taxpayers. Taxpayer compliance is a condition where taxpayers fulfill all tax obligations and carry out their tax rights (Devano & Rahayu, 2006, cited in Antoa, Husina, Hamida, & Bulana, 2020).

Kreitner (1980) explained that planning is coping with uncertainty by formulating a future course of action to achieve specified results. Griffin (2005) explains that organizations establish many different kinds of plans. At a general level, these include strategic plans, tactical plans, and operational plans.

Tax planning, an important throttling way for enterprises by making a complete tax operation scheme through the planning of tax-related business, has caused more and more attention in the business world and academic world (Yuan & Xu, 2015). Tax planning is the arrangement of financial activities in such a way that maximum tax benefits are enjoyed by making use of all beneficial provisions in the tax laws; it entitles the assessee to avail of specific exemptions, deductions, rebates, and reliefs to minimize his tax liability (Mansuri & Dalvadi, 2012).

Tax planning is a logical analysis of a financial situation or plan from a tax perspective to align financial goals with tax efficiency planning. Tax planning aims to discover how to accomplish all of the other elements of a financial plan in the most tax-efficient manner possible. Tax planning thus allows the other elements of a financial plan to interact more effectively by minimizing tax liability. According to Blessy (2019), Tax planning should not be done with the intent to defraud the revenue; though all transactions entered into by an assesses could be legally correct, yet on the whole, the transactions be devised to defraud the revenue. Tax planning is resorted to maximize the cash inflow and minimize the cash outflow.

Awareness of taxpayers paying taxes on time will affect high and low tax compliance. Consciousness is the state that knows, understands the circumstances, and feels. Therefore, tax awareness is the ability to understand the attitude of a taxpayer or an individual taxpayer to understand the meaning, function, and purpose of paying taxes (Lestari & Wicaksono, 2017). Taxpayer awareness and compliance are vital for a nation to collect state revenue from the tax sector. Why is government attention focused on taxpayer awareness and compliance issues? The answer is that understanding and awareness of people to pay the tax obediently are still relatively low. The lack of a clear understanding of taxes in the community has led to issues. Educating people about taxes is important to enhance their awareness and knowledge (Rahayu, Setiawan, & Sudjatno, 2017). The taxpayer's Awareness, Knowledge, Tax Penalties, and Tax Services significantly affect individual taxpayers' compliance (Kamil, 2015).

Mukai et al. (2014) studied tax planning and the financial performance of small-scale enterprises in Kenya. The objectives of this study were to find out the extent to which expenditure on capital assets in tax planning, to determine how tax planning by Capital Structure influences the performance of small enterprises, find out how tax planning through Advertisement expenditure influences the performance of small enterprises and to assess how tax planning through Legal Forms of enterprise influence performance of small enterprises in Embu CBD. The study had a population of one hundred and forty-nine respondents, and a sample of 30 percent was drawn from each stratum. This study used the variables: Investment capital structure, advertising expenses, and demographic factors.

Mansuri and Dalvadi (2012) researched the topic of tax awareness and tax planning among individual assesses: a study. The objectives were to determine the level of awareness of tax laws among the selected group of assesses and to know the tax planning practice of individual assesses. For the present study, 100 individual assessments were selected using convenient sampling techniques. The sample was selected so that from every category, such as university teacher, chartered accountant, accountant, employee of a company, and another employee, we got at least 20 responses. The variables used in this study were penalty and interest charges, advance payment tax, knowledge of loopholes, tax exemption, and residential status.

Pimple and Peshori (2019) researched the topic of An Empirical Study on Perceptions towards Tax Planning among Youth. This study intends to measure the perception of individuals toward tax planning among youth. For this purpose, data were collected through both primary and secondary sources. The primary data for this study was gathered using a carefully designed questionnaire, which included optional and Likert-scale questions rated on a 5-point scale. Additionally, secondary data was sourced from various reputable materials, including online articles, books, magazines, journals, and newspapers. The variables used in this study: Gender, educational qualification, budgeting, financial records, perception, tax liability, and tax saving scheme.

Tax is the essential resource of the Government, so the Government plans taxes, and taxpayers pay taxes according to prevailing rules and regulations. In implementing tax planning, the taxpayer should know and understand taxation. Tax awareness of taxpayers directly affects government revenue, so tax planning and taxpayer awareness are interrelated for government policymaking. The role of taxpayer awareness and compliance is vital for a nation to collect the country's revenue from the tax sector. Tax planning is a means of reducing tax liability and taking maximum benefit of all the deduction exemption reliefs allowed under income tax provisions.

2. Literature review and hypothesis development

2.1 Project Planning, Action Planning, Strategic Planning, and Tax Planning

Project planning involves defining a specific initiative's scope, objectives, deliverables, and timelines. This process includes breaking tasks into manageable components, assigning responsibilities, allocating resources, and establishing milestones to ensure successful execution (Irfan et al., 2021; Komarova et al., 2020; Prifti, 2022; Shakya & Shakya, 2020; Vujović et al., 2020). The primary goal is to achieve clearly defined outcomes within a predetermined time frame and budget. Project planning provides a structured roadmap, aligning project activities with organizational objectives (Alemu et al., 2020; Shakya & Shakya, 2020; Abangbila et al., 2020).

Action planning, by contrast, is a detailed, operational approach to achieving specific objectives. It identifies actionable steps, assigns responsibilities, sets deadlines, and outlines resource requirements (Ellis, 2020; Lynch, 2021; Andersen, 2022; Avizhgan et al., 2023). Action plans emphasize the immediate and tactical execution of tasks to meet short-term goals. This approach ensures effective implementation of strategies through coordinated efforts (McPhail & McPhail, 2020; Lynch, 2021; Irfan et al., 2021; Yahaya & Yusof, 2022). In contrast to project and action planning, strategic planning is a comprehensive process designed to establish an organization's long-term objectives and the strategies needed to achieve them. It involves analyzing internal strengths and weaknesses, external opportunities and threats, and aligning resources to address future challenges (Lynch, 2021; Tarifi, 2021; Mutambo et al., 2022; Al-Balushi et al., 2021; Yahaya & Yusof, 2022; Sinnaiah et al., 2023). Strategic planning provides a framework for decision-making, ensuring that all organizational activities align with the vision and mission. Its focus extends to broad objectives such as market positioning, competitive advantage, and sustainability (Yahaya & Yusof, 2022; Al-Balushi et al., 2021; Land, 2020; Abdulwase et al., 2021).

Tax planning complements these efforts by organizing financial activities to minimize tax liabilities within legal frameworks. This process involves leveraging tax laws, exemptions, deductions, rebates, and reliefs to optimize cash flow and improve financial efficiency (Guo et al., 2020; Andrianto et al., 2020; Yang & Ning, 2021; Cooper & Nguyen, 2020). Tax planning serves strategic and operational functions by ensuring compliance while maximizing financial resources for reinvestment and growth (Iriyadi et al., 2020; Sitinjak et al., 2023; Yang & Ning, 2021). These planning processes serve distinct yet interconnected purposes within an organization. Strategic planning establishes the overarching direction, ensuring the alignment of all activities, including tax strategies (Liang et al., 2020; Bracanović, 2020; Vinayavekhin & Phaal, 2020). Project and action planning operationalize strategic goals, translating them into executable tasks and enhancing efficiency. Tax planning reinforces these efforts by promoting financial sustainability and compliance, enabling the seamless execution of strategic initiatives (Biriowu & Chikwe, 2021; Mutambo et al., 2022; Boyкo et al., 2021). Together, these processes form an integrated system that supports organizational success. Effective coordination and integration of these approaches are critical for realizing an organization's strategic vision and objectives (Biriowu & Chikwe, 2021; Yahaya & Yusof, 2022). Based on these dynamics, the following hypotheses are proposed:

H1: There is a significant impact of strategic planning on tax planning.
H2: Project planning has a significant impact on tax planning.
H3: Action planning has a significant impact on tax planning.

2.2 Project planning, action planning, strategic planning, and knowledge and attitude.

Project planning establishes a structured framework for implementing specific objectives, directly enhancing individuals' knowledge by introducing them to new tasks, skills, and technologies. A well-organized project plan also fosters positive attitudes by providing clarity and reducing uncertainty, thereby boosting morale and motivation (Glazkova, 2021; Salankar et al., 2021; Khan et al., 2020; Ktaish & Hajdu, 2022; Dumrak et al., 2020). Action planning translates project objectives into actionable steps, ensuring the efficient execution of tasks. This practical approach enables individuals to acquire hands-on knowledge and cultivates a sense of accomplishment and responsibility (Apaolaza et al., 2020; Dumrak et al., 2020; Kim & Rhee, 2020; Khan et al., 2020; Pahwa & Rangnekar, 2023; Avizhgan et al., 2023). Moreover, clear action plans positively influence attitudes by promoting accountability and fostering collaboration among team members (Torre-Neches et al., 2020; Awati et al., 2021; Adhiatma et al., 2022; Weinert et al., 2022).

Strategic planning provides the vision and long-term goals to align individual and organizational efforts. It enhances knowledge by identifying the competencies and information required to achieve strategic objectives (Auld, 2023; Mensah, 2020; Mutambo et al., 2022; Deidhae et al., 2020). Additionally, strategic planning fosters a forward-looking, goal-oriented attitude, encouraging alignment and commitment across all organizational levels (Shaik & Dhir, 2020; Suryawan et al., 2021; Tarifi, 2021). Integrating project, action, and strategic planning forms a cohesive system that holistically influences knowledge and attitudes. Strategic planning provides the "why," project planning defines the "what," and action planning specifies the "how" (Andersen, 2022; Irfan et al., 2021; Tarifi, 2021). Together, these processes enhance knowledge by exposing individuals to new challenges and fostering skill development while promoting positive attitudes by instilling a sense of purpose and direction (Ktaish & Hajdu, 2022; Deidhae et al., 2020; Tian, 2020; Vaníčková, 2020; Biriowu & Chikwe, 2021; Avizhgan et al., 2023). Based on these dynamics, the following hypotheses are proposed:

H4: Strategic planning has a significant impact on knowledge and attitude.

H5: Project planning has a significant impact on knowledge and attitude.
H6: Action planning has a significant impact on knowledge and attitude.

2.3 Knowledge and attitude on tax planning

Knowledge in the context of tax planning encompasses an understanding of tax laws, regulations, exemptions, deductions, and strategic approaches. It includes awareness of the benefits of proper tax planning, such as legal compliance and financial efficiency. Individuals or organizations with extensive knowledge are more likely to engage in effective tax planning, minimizing liabilities while adhering to regulations (Singhania, 2021; Mahyuliza et al., 2021; Blaufus et al., 2022; Ftouhi & Ghardallou, 2020; Kim et al., 2021). Attitude refers to an individual's or organization's disposition toward tax planning, encompassing perceptions, beliefs, and tendencies. For instance, some may view tax planning as a beneficial financial tool, while others perceive it as a burdensome requirement (Haiming & Kim, 2022; Espina, 2021; Ftouhi & Ghardallou, 2020). Positive attitudes are associated with proactive engagement in tax planning, whereas negative attitudes can lead to non-compliance or tax avoidance (Alwi et al., 2022; Lukman et al., 2020; Yang & Ning, 2021; Osman & Turmin, 2023).

Increased tax-related knowledge can foster a more positive attitude by demystifying complex tax systems and emphasizing the benefits, such as cost savings and legal compliance. For example, understanding tax rebates can motivate individuals to actively participate in tax planning (Taing & Chang, 2020; Sainsbury & Breunig, 2020; Austin et al., 2021; Robitaille et al., 2020). Conversely, a positive attitude toward tax planning encourages individuals to seek and apply knowledge, thereby improving compliance and optimizing financial benefits. However, individuals with partial knowledge may develop a false sense of expertise, potentially resulting in errors or risky tax strategies (Blaufus et al., 2020; Kim et al., 2021; Lee & Shevlin, 2023). On the other hand, a negative attitude—such as viewing tax planning as overly complex or unnecessary—can deter individuals from acquiring or applying tax-related knowledge. This reluctance may lead to missed opportunities for financial optimization and effective compliance (Kaghazloo & Borrego, 2021; Craig & Slemrod, 2022; Lingyu & Wu, 2022; Assidi & Hussainey, 2020). Thus, the following hypothesis was formulated:

H7: Knowledge and attitude have a significant impact on tax planning.

2.4 Mediating relationship of knowledge and attitude

Strategic planning establishes an organization's long-term objectives and priorities, encompassing financial strategies, including tax-related considerations. The alignment of strategic goals with tax planning plays a crucial role in determining an organization's tax strategy. However, the direct relationship between strategic planning and tax planning is often mediated by both knowledge and attitude (Noviari & Suaryana, 2020; Haiming & Kim, 2022; Cooper & Nguyen, 2020; Chen et al., 2020; Ftouhi & Ghardallou, 2020; Kim et al., 2021). A comprehensive understanding of tax laws and efficient tax practices allows for translating strategic goals into actionable tax strategies that align with the organization's broader objectives. A positive attitude toward tax planning encourages proactive engagement with these strategic plans, promoting compliance and financial optimization. Conversely, a negative attitude may lead to the neglect of tax planning, resulting in missed opportunities for optimization (Robitaille et al., 2020; Yang & Ning, 2021; Haiming & Kim, 2022; Ftouhi & Ghardallou, 2020; Lee & Shevlin, 2023; Kim et al., 2021).

Project planning operationalizes strategic objectives by breaking them down into specific, manageable projects. Effective project planning requires tax considerations to ensure cost efficiency and financial feasibility. Knowledge of the tax implications of various project activities ensures that tax-efficient decisions are made during the execution phase, enhancing overall project success (Esfahani et al., 2020; Bisbey et al., 2020; Kloeden et al., 2022; Haiming & Kim, 2022; Kim et al., 2021).
A positive attitude toward tax planning within the project planning team can lead to integrating tax optimization strategies into project activities. In contrast, a negative attitude may result in overseeing crucial tax considerations, potentially undermining the project's financial success.

Action planning focuses on specifying the tasks required to implement project goals, and successful task execution necessitates an understanding of the tax implications involved. Action planning requires setting precise tasks that may have tax-related consequences (Haiming & Kim, 2022; Kim et al., 2021; Ftouhi & Ghardallou, 2020).

A strong understanding of tax laws allows for integrating tax-saving strategies into the action plan, optimizing resource utilization, and reducing liabilities. A proactive attitude toward tax planning encourages the consistent application of tax strategies in day-to-day operations, ensuring that tax obligations are met efficiently and opportunities for tax savings are not overlooked (Pataueg et al., 2020; Yalunina et al., 2021; Xue, 2021). Thus, the following hypotheses have been formulated:

H8: Knowledge and attitude mediate the relationship between strategic and tax planning.
H9: Knowledge and attitude mediate the relationship between project and tax planning.
H10: Knowledge and attitude mediate the relationship between action and tax planning.

3. Methodology

This study adopted a positivist research philosophy as its guiding framework, emphasizing objectivity, measurement, and repeatability. Positivism suggested that the world operated according to permanent laws, which could be understood through quantitative methods. The study used a quantitative research design, collecting data through a structured survey questionnaire to assess the relationship between tax planning and various planning strategies (strategic, project, and action planning).

The research also integrated elements of critical realism to address social phenomena by exploring underlying structures and mechanisms affecting tax planning behaviors. Critical realism sought to explain social events by examining observable characteristics and their causality. The study adopted a mixed-methods approach, combining exploratory, descriptive, and causal-comparative research designs. This approach facilitated the collection of quantitative data through closed-ended responses.

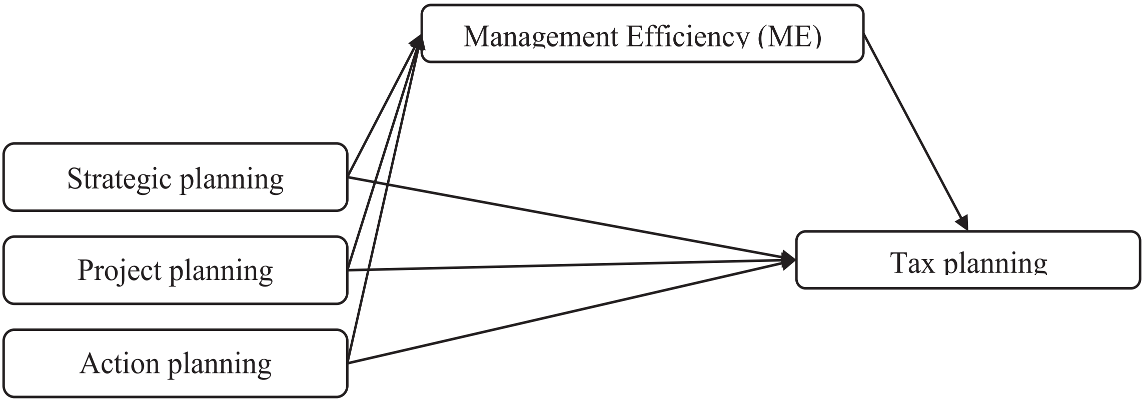

Figure I Conceptual Framework

The causal-comparative design examined the cause-and-effect relationships between planning types and tax planning, while the descriptive design provided a conceptual framework to understand factors affecting taxpayer behavior. Respondent surveys served as the primary data collection method, with closed-ended and open-ended questions designed to capture various challenges, issues, and perceptions of tax planning.

Various statistical methods, including Chi-square tests, t-tests, two-way ANOVA, and logistic regression, were deployed to analyze the data effectively. These tools allowed us to test our hypotheses and explore the relationships between different variables.

4. Analysis and results

Table 1 Correlation Analysis

Constructs	STP	PP	AP	KA	TP
STP	1				
PP	.293**	1			
AP	.245**	.559**	1		
KA	.371**	.347**	.352**		
TP	.217**	.360**	.394**	.225**	1

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table 1 shows the correlation coefficient between Strategic and Tax planning was 0.217. Similarly, the corresponding p-value was 0.000, less than the significance level (α) = 0.05. It means strategic tax planning has a positive and significant relationship with tax planning ($r = 0.217$, $p = 0.000 < 0.01$). It suggests that increased strategic tax planning could improve tax planning outcomes in real-world scenarios.

The correlation between Project planning and Tax planning is equally significant, with a coefficient of 0.360 and a p-value of 0.000. This underscores the importance of project planning in tax planning and the significance of this research in professional endeavors.

Likewise, the third variable is Action Planning, where the correlation coefficient between Action Planning and Tax planning was 0.394. On that note, the corresponding p-value was 0.000, which is less than the level of significance (α), i.e., 0.05. It shows that action planning has a positive and significant relationship with tax planning ($r = 0.394$, $p = 0.000 < 0.01$). It can be understood as enhancing action planning, leading to more effective tax planning strategies.

The correlation coefficient between knowledge and attitude and Tax planning was 0.225. The corresponding p-value was 0.000, which is less than the level of significance (α), i.e., 0.05. It means knowledge and attitude have a positive and significant relationship with tax planning ($r = 0.225$, $p = 0.000 < 0.01$).

Table 2 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.862
Bartlett's Test of Sphericity	Approx. Chi-Square	9294.819
	df	210
	Sig.	0

Table 2 shows the KMO and Bartlett's test. The KMO value was recorded to be 0.862, which is greater than 0.60, meaning that the test is fit. Bartlett's test of Sphericity was found to be 9294.819, and its p-value was also seen to be 0.000, which is less than 0.01. Thus, the model is fit.

Figure 2 Path model of Tax Planning practices

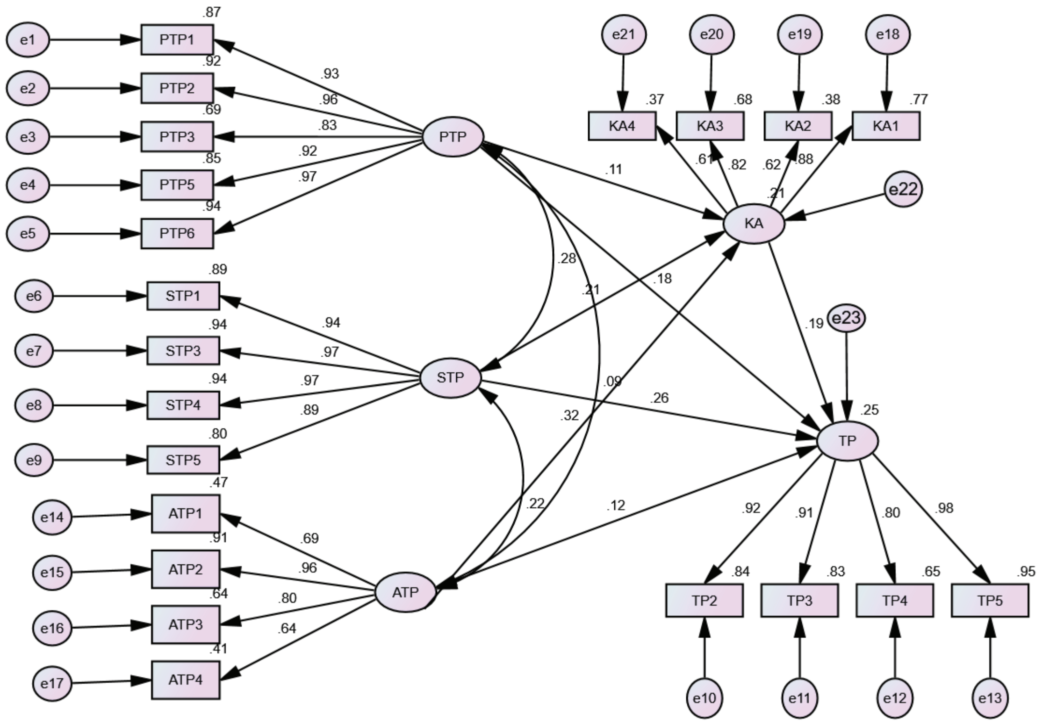

Table 3 Path Model

Path			Estimate	S.E.	C.R.	P
KA	<---	PTP	0.112	0.065	2.231	0.026
KA	<---	STP	0.206	0.06	3.994	***
KA	<---	ATP	0.323	0.075	5.999	***
TP	<---	PTP	0.18	0.048	3.875	***
TP	<---	STP	0.258	0.045	5.314	***
TP	<---	ATP	0.12	0.056	2.392	0.017
TP	<---	KA	0.187	0.043	3.472	***

Figure 2 and Table 3 describe small and medium-sized organizations' tax planning practices in Baglung, Nepal. The study is conducted to examine the impact of operational planning, project planning, and action planning on tax planning. The result revealed that out of four constructs, all constructs have a significant and positive impact on tax planning (OTP → TP, $\beta = 0.187$***, C.R. = 3.875; $P < 0.01$; OTP → TP, $\beta = 0.187$***, C.R. = 3.875; $P < 0.01$; and IIT → OP, $\beta = 0.552$***, C.R. = 6.416; $P < 0.01$). The result also showed no significant influence of technology on organizational performance (TEE → OP, $\beta = - 0.056$, C.R. = -0.636; $P > 0.05$). The model fits the data used in the study (CMINDF = 2.376, SRMR = 0.040, GFI = 0.926, CFI =0.953, and RMSEA = 0.058). The model fit is supported (Hair et al., 2010, & Henseler et al., 2010).

Table 3 deals with the indirect effect of indirect effect of embedded innovation and technology on organizational performance. The result depicts that there is an indirect effect of innovation on organizational effect on organizational performance (β = 0.247, LL = 0.156, UL = 0.357). Likewise, embedded technology indirectly affects organizational performance (β = 0.304, LL = 0.180, UL = 0.845). Finally, the result finds the direct effect of embedded innovation and technology on organizational performance (β = 0.639, t = 6.78, p = 0.000). Thus, it can be concluded that embedded innovation and technology mediate innovation and organizational performance.

Table 4 Results of Structural Path Model of Indirect Effect

Path	Estimate	LL	UL
STP →KA→TP	0.039	0.018	0.072
PTP→KA→TP	0.021	0.020	0.052
ATP→KA→TP	0.060	0.028	0.0114

Table 4 shows the significance value, i.e., P (.000) < 0.01, and hence the alternative hypothesis is accepted. Therefore, strategic planning factors have planning factors havplanning. The significance value, i.e., P (.000) < 0.01, and hence the alternative hypothesis is accepted. There is no significant impact of project planning factors on tax planning. The significance value, i.e., P (.017) < 0.05, and hence the alternative hypothesis is accepted. The significance value, i.e., P (.000) < 0.01, and hence the hypothesis is accepted. Therefore, strategic planning has a significant impact on knowledge and attitude. The significance value, i.e., P (.000) < 0.01, and hence the alternative hypothesis is accepted. Project planning factors have a significant impact on knowledge and attitude. Table III shows the significance value, i.e., P (.017) < 0.05, and hence the alternative hypothesis is accepted. Thus, action planning factors have a significant impact on knowledge and attitude. The significance value, i.e., P (.000) < 0.01, and hence the alternative hypothesis is accepted. Thus, knowledge and attitude have a significant impact on tax planning. Thus, hypothesis (H7) is accepted. The lower and upper bound values were recorded as positive, which means it avoids zero. It means that the hypothesis is accepted. From Table IV, the lower and upper bound values were recorded as positive, which means it avoids zero. The zero value does not lie between confidence levels, i.e. (LL = 0.020, UL = 0.052). It means that the hypothesis is accepted. The lower and upper bound values were recorded as positive, which means it avoids zero. The zero value does not lie between confidence levels, i.e. (LL = 0.028, UL = 0.114). It means that the hypothesis is accepted. Thus, hypothesis (H10) is accepted.

5. Discussion

Farida and Sugesti (2023) researched 'Determinant of Earnings Management: Financial Distress, Tax Planning, Audit Quality, and Public Accountant Firm Size. The research findings demonstrated a positive relationship between financial difficulty and earnings management, i.e., when a company faces financial difficulties, it is more likely to use earnings management techniques to improve its financial statements. The quality of audits and tax planning have no bearing on earnings management; nevertheless, the size of public accounting companies does. A similar idea is advocated in our research, where project planning related to organization size operation influences tax planning. This idea is in line with international and foreign research and understanding.

Similarly, Jelanti (2023) researched 'The effect of deferred tax expense, managerial ownership, and tax planning on profit management.' Tax planning has no impact on earnings management, but the findings of the t-statistical test show that managerial ownership and deferred tax expense have a positive and negative impact, respectively, on earnings management. Adejumo et al. (2022) researched 'Firm Size and Tax Planning: A Test of Political Power or Political Cost Hypotheses. The results show that while board size has no discernible positive impact, business size greatly influences tax planning. The study concludes that the main factors influencing tax planning in Nigeria are firm size and sales.

It is similar to our finding and understanding that strategic planning has a significant impact and influence on tax management. Companies use various strategies to ensure that they perform suitably.

Again, Gabrielli and Greco (2023) researched 'Tax planning and financial default: role of corporate life cycle.' The findings are significant for managers, investors, lenders, and other stakeholders as they clarify the costs and advantages of tax planning for business life cycles. This study illustrates that the management of cash resources resulting from tax planning varies across different life cycle stages, yielding distinct effects on the likelihood of default. In other words, strategic planning regarding roles and responsibilities significantly impacts tax management and planning activities. It is similar to the idea advocated in our findings and research, where action planning is marked to have a significant and positive impact on tax planning.

Cristina and Alves (2020) researched 'the relation between information asymmetry, disclosure policy, and corporate tax planning.' The academic study suggests that financial analysts can lessen knowledge asymmetry between corporations and investors, reducing corporate tax avoidance. Similar to this idea, our research identified that strategic planning, project planning, and action planning significantly impact the knowledge and attitude of the individual toward tax planning. Thus, the research should be coherent with the available and present national and international research on the idea.

The study focused on understanding small- and medium-sized organizations' tax planning practices in Baglung, Nepal. It has yielded valuable insights into small and medium-sized organizations' knowledge attitude, action planning, and strategic planning towards tax planning. Here, we draw conclusions based on our findings:

Strategic tax planning can significantly reduce a company's tax liability by identifying legal avenues for deductions and credits. This approach ensures optimal resource allocation, fostering financial stability and growth. It enhances cash flow management, allowing businesses to reinvest savings into operations or expansion. Strategic tax planning contributes to long-term financial sustainability and competitive advantage in the dynamic business landscape. This idea has also been identified and advocated in this research, where the impact of strategic planning on tax planning is marked as significant and positive.

Similarly, Effective project planning can influence tax planning by aligning expenditures with tax incentives, maximizing eligible credits, and minimizing taxable income. Well-structured projects provide opportunities to capitalize on tax benefits, such as depreciation or research and development credits. Accurate project cost tracking ensures compliance with tax regulations and enhances the ability to claim eligible deductions. Integrating project planning and tax planning optimizes financial outcomes for businesses undertaking strategic initiatives. A similar idea has been identified in this research, where the impact of project planning on tax planning is marked as significant and positive.

Strategic action planning can directly influence tax planning by aligning business activities with tax regulations and incentives. Proactive measures in action planning, such as timing expenditures or restructuring operations, can optimize tax outcomes and minimize liabilities. Explicit action plans aid in documenting and substantiating eligible deductions, ensuring compliance, and reducing audit risks. Integrating action planning with tax strategy enhances financial efficiency and supports long-term fiscal health for businesses. Research supports this idea, indicating that the impact of action planning on tax planning is significant and positive.

Similarly, Strategic tax planning fosters a comprehensive understanding of tax laws, cultivating knowledge that empowers individuals and businesses to make informed financial decisions. It shapes a positive attitude towards tax planning by highlighting the benefits of lawful optimization, ultimately promoting fiscal responsibility and compliance. Again, incorporating tax considerations into project planning instills a knowledge base on leveraging tax incentives and deductions tied to specific initiatives. This integration encourages a proactive attitude toward tax planning and emphasizes the importance of aligning project goals with fiscal strategies for long-term financial success. Lastly, Action planning impacts knowledge and attitude toward tax planning by emphasizing the significance of timely and deliberate financial decisions. The awareness of how specific actions can influence tax outcomes instills a proactive attitude, encouraging individuals and businesses to approach tax planning as an integral part of their overall strategic decision-making process. The research supports all these ideas and concepts, and the variables are marked to be significant and positive.

6. Recommendations

Maintaining proper ideas about strategic, project, and action planning is essential for tax planning, as well as knowledge and attitude for tax planning. Here are some recommendations to help achieve this:

Educational Campaigns: Launch targeted educational campaigns led by government agencies to raise awareness about the importance of strategic, project, and action planning in effective tax management. These campaigns can include seminars, workshops, and online resources to disseminate information to businesses and individuals.

Mandatory Training for Project Managers: Introduce mandatory training programs for project management professionals, emphasizing integrating tax planning into project planning processes. It ensures that project managers possess the necessary knowledge and skills to navigate tax implications, fostering a culture of proactive tax planning within project management companies.

Tax Planning Incentives: Provide tax incentives for businesses and individuals who demonstrate a commitment to strategic tax planning. It could include deductions for documented planning expenses or reduced tax rates for entities that actively incorporate tax planning into their strategic decision-making processes.

Regular Updates on Tax Regulations: Government agencies should regularly communicate updates on tax regulations and incentives to project management companies and individuals. Timely information ensures stakeholders know about changes impacting their planning strategies, promoting adaptability and compliance.

Community Engagement and Partnerships: Encourage collaboration between government entities, project management companies, and community organizations to create a network for sharing insights and best practices in tax planning. Community engagement can foster a positive attitude toward tax compliance and encourage a sense of collective responsibility for effective planning.

These recommendations can contribute to maintaining proper tax planning and knowledge and attitude. They require a collaborative effort from the government and project management companies to ensure the tax management of the individual organization.

7. Scope for Future Research

Future research in the domain of tax planning should focus on the implementation and effectiveness of educational initiatives designed to enhance knowledge and attitudes toward strategic, project, and action planning within the context of tax management. Investigating the impact of targeted educational campaigns, such as seminars and workshops, can provide insights into how these initiatives influence compliance and proactive financial strategies among businesses and individuals. Furthermore, examining the outcomes of mandatory training programs for project managers will be crucial in assessing the integration of tax planning into project management processes and its effectiveness in equipping professionals with the necessary skills to navigate complex tax implications. Research should also explore the potential effect of tax incentives on fostering a commitment to strategic tax planning, analyzing how these incentives may motivate organizations to engage in more proactive tax behavior. Additionally, a study on the communication strategies of government agencies regarding updates to tax regulations could unveil best practices for informing stakeholders, thereby promoting adaptability and compliance. Lastly, research should investigate the dynamics of community engagement and partnerships in tax planning, assessing how collaboration among government entities, project management companies, and community organizations can facilitate sharing insights and best practices, ultimately reinforcing a culture of responsibility in tax compliance.

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