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Investigating the Relationship between Tax Planning and Company Value

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A B S T R A C T

Many companies around the world pay exorbitant costs for not paying their taxes (tax planning costs). Companies usually achieve this through legal (tax avoidance) and illegal (tax evasion) or late payment of taxes and grievances. Does this planning increase the company's stock price and increase benefits over costs or not? The extent to which corporate governance influences this issue has been investigated in this study. The results of this study show that tax planning reduces the value of the company and is not in the interest of shareholders, companies and the government. Corporate governance also plays a moderating role in Reducing these effects has nothing to do with this.

Keywords: Tax Planning, Tax Avoidance, Company Value, Corporate Governance.

INTRODUCTION

Given the major share of oil revenues in the government budget and the unwillingness of citizens to pay taxes, and as a result of the continued dependence of the budget on finite oil revenues, the Tax Affairs Organization is working to reduce the tax planning of individuals in order to create a culture. Culturalization is easier for people in the community who are not taxpayers themselves(Mulyadi, Anwar, & Kisma, 2014; Valtonen, 2015; Wahab & Holland, 2012). Given the consequences of budget cuts and the effects of inflation that will reduce their rial assets and other destructive effects, they will have a different opinion from taxpayers(Salehi, Doryab, & Rabbani, 2013). This culture - as well as profit management forecasting along with tax planning - in the UK has led people to Buy stocks prefer the shares of companies that do not have tax planning to companies that have tax planning(McGrattan & Prescott, 2005). Given that tax planning takes place in the direction of profit management, do people in the community leave the hands of managers open for this action as well as for the implementation of uncertain matters or not? In this research will be reviewed. The positive relationship between the value of the company and tax planning testifies to the preference of low tax payment over the transparency of managers and the negative relationship between the preferences of transparency of managers over low tax payment.

Tax planning is a set of operations that mainly results in the reduction of taxes payable or the transfer of taxes payable from one period to the next(Mohd Suffian, Shamsudin, Mohd Sanusi, & Hermawan, 2017; Noor & Sabli, 2012). This reduction in tax payable increases profit

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after tax. Depending on the type of managers' contract, this increase in profits can increase the benefits of managers(Widyanza, 2020). Because managers are interested in providing a good picture of the company to shareholders and other stakeholders in order to maximize personal benefits, social welfare and consolidation of their job position, tax planning can help achieve the goals of managers. On the other hand, the only factor that changes the stock price in the market is not the amount of profit after tax in the published financial statements, and other factors are involved in changes in the stock price; These include corporate governance (Hassanzadeh 1391, Sinai 1390, Hasas Yeganeh 1390, Khodadadi 1390), dividends (Sinai 1390), strategy stages(Bowman & Ambrosini, 2007; Ghobadian et al., 2007), type of strategy(Lin & Kulatilaka, 2007), tax avoidance(Chen, Hu, Wang, & Tang, 2014; Desai & Dharmapala, 2009), Cash Management(Cook, Huston, & Omer, 2008).

In addition, some social, cultural and environmental variables contribute to changes in company value. In the UK, the role of tax planning has devalued stocks for two reasons: breaches of social responsibility and earnings management(Wahab & Holland, 2012). Potential and actual shareholders of the company in the UK have noticed that in addition to violating social responsibilities, more tax planning shows the dominance of managers and their ability to manage more profits. In Tang and Firth (2011), found a necessary link between tax planning and earnings management that was unfavorable to shareholders. Bowman and Ambrosini (2007), in the UK that there was a direct relationship between corporate value and tax planning, but Wahab and Holland (2012), The country came up with the opposite result and showed that there is a significant negative relationship between tax planning and company value. The present study seeks to discover the relationship between tax planning and corporate value, considering that Amirhosseini, Mehrabi, and Kalhor (2013) and Baseri, Ranjbar, and Khademi (2013), in Iran have found a relationship between smoothing and profit quality with direct corporate value (which is contrary to previous results). This research is that; does tax planning in Iran, like in the UK, reduce the value of the company?

However, Al-Najjar (2018) and Noor and Sabli (2012), did not see a relationship between corporate governance and company valueManafi, Mahmoudian, and Zabihi (2015) and Ghasempour (2016), in their research have concluded a significant positive relationship between corporate governance and company value. In the event that a significant negative relationship is concluded between corporate value and tax planning, it indicates the existence of an example of agency theory. Examining this disagreement between managers and investors on whether or not to do tax planning will be considered. So the second question in this study is whether corporate governance changes the relationship between tax planning and corporate value? This study intends to first examine the relationship between tax planning and corporate value and then the role of corporate governance as a moderating variable in the relationship between tax planning and corporate value. The effect of tax planning is not directly observable on the value of the company and this research will use a number of auxiliary variables to examine this relationship and after controlling the specific characteristics of the company (eg investment intensity, financial leverage, dividends, type Industry and the like) will first examine the relationship between corporate value and tax planning and then how corporate governance affects this relationship.

Hypotheses

According to the questions raised in the statement; does tax planning devalue the company? These questions in Hypothesis 1 and that; Does corporate governance change the relationship between tax planning and corporate value.

Hypothesis 1: There is a significant relationship between tax planning and company value.

Given the above, although research between tax planning and company value has yielded different results, but often due to differences between investors and managers in the use of tax planning, shows a significant negative relationship between company values. And have tax planning because of the direct relationship between tax planning and earnings management from the perspective of shareholders(Tang & Firth, 2011), and its impact on the value of the company's stock and reduce shareholder trust, as well as violation of the company's social duties(Wahab & Holland, 2012).

Hypothesis 2: Corporate governance has a moderating effect on the relationship between tax planning and firm value.

Given the disagreement over the implementation of tax planning and if Hypothesis 1 is confirmed, corporate governance can be seen as a moderator and mitigating variable of this conflict of interest (representation theory). Corporate governance can be effective in reducing the negative effects of tax planning on the value of the company. Corporate governance is one of the moderating variables of tax planning and should reduce tax planning(Wahab & Holland, 2012), to adjust the difference between the interests of managers and the interests of shareholders. If this hypothesis is confirmed, corporate governance can be used as a way to reduce this conflict.

METHODOLOGY

The research method is a set of valid, reliable and systematic rules, tools and ways to investigate facts, discover unknowns and achieve solutions to problems(Naoum, 2012). The type of this research is correlational in terms of classification based on method and nature in terms of the type of research. In correlational research, the main goal is to determine whether there is a relationship between two or more quantitative variables? And if so, what is its size? It is practical in terms of type and purpose. The purpose of applied research is to develop applied knowledge in a specific field. Applied research is also directed towards the practical application of knowledge, which is done in the framework of deductive-inductive reasoning. This means that the theoretical framework and background of the research is through library studies, review of articles and sites in a deductive manner and gathering information to confirm and reject hypotheses through induction.

This research is based on the standard evaluation model of Horton (2007) and Wahab and Holland (2012);

To test Hypothesis 1, Model 1, which is based on the research of Wahab and Holland (2012), is used;

Model 1: $MVEit + 3 = \beta 0 + \beta 1\ BVEit + \beta 2\ PBTit + \beta 3\ TPit + \beta 4\ CCit + \beta 5\ EMit + \beta 6\ CAPINTit + \beta 7\ LEVit + \beta 8\ DIVit + \beta 9\ FSit + \sum \beta n\ INDDUMit + \varepsilon it$

This model expresses the relationship between stock value and tax planning (TP) in the presence of variables such as book value (BV), current profit (PBT) and a number of other control variables.

In model 1, considering that the relationship between tax planning and company value is considered, β3 is the planning coefficient, and if this number is negative and its significance is determined in the 95% confidence interval, it confirms the hypothesis 1. And shows a negative relationship between company value and tax planning.

Model 1 dependent variable:

MVEit + 3: Stock market value in company i and fiscal year t (Market Value Equity)

The stock market value, which is the product of the stock market price multiplied by the number of shares three months after the end of the fiscal year, is due to the impact of the published financial statements on the stock price(Horton, 2007; Wahab & Holland, 2012).

Model 1 independent variable:

TPit: Tax Planning in Company i and Fiscal Year t (Tax Planning)

Tax planning is any attempt by a person to control taxes; It reduces or postpones its taxable payments, resulting in an increase in profit after tax. Tax planning includes tax avoidance and evasion, legal tax avoidance, and illegal tax evasion. Reduces and increases profit after tax (Abdul Wahab 2012). Shareholders generally do not have information about tax returns and details of the company's tax planning activities with the help of publicly available information. (Steward 1981) This study should calculate the difference between accounting profit and taxable profit.

In general, the following model is used to cover the entire corporate tax planning: (These individuals have used this model in their research, Zimmerman (1983), Mills, Erickson, and Maydew (1998), Rego (2003), Dyreng, Hanlon, and Maydew (2008) and Wahab and Holland (2012)).

TP = PBT × (STR - CTE / PBT)

In this model

STR: Corporate tax rate in the country

PBT: Su de before tax

CTE: Tax paid

In the CTE / PBT research literature, which is the effective tax rate (ETR), information on the CTE (tax paid) is taken from the cash flow, operating activities of the last part of the paid taxes, which It also includes tax advances and to solve this problem, the ETR is calculated on a 5-year basis to neutralize the effect of advances.

Model 1 control variables:

The main control variables are related to information asymmetry and agency costs, for example, Divided Annual Profit (DIV) (Rees, 1997) - Dividend Profit Affects Company Value - and Shares (Akbar & Stark, 2003) in relation to Variables and tax literature. The present study also examines a number of firm-specific characteristics, including investment intensity (CAPINT) (Frank, Lynch, & Rego, 2009; Mills et al., 1998) to assess firm continuity and its effect on stock value), financial leverage (LEV, Mills et al. (1998), in relation to Company liquidity and its effect on stock value); Earnings management (EM, Hanlon (2005); Healy (1985); Phillips, Pincus, and Rego (2003), due to its effect on stock value as well as its alignment with tax planning).

To test Hypothesis 2, the following model is used, to which some corporate governance variables have been added:

Model 2: $MVEit + 3 = \beta 0 + \beta 1\ BVEit + \beta 2\ PBTit + \beta 3\ TPit + \beta 4\ NEDit + \beta 5\ IOWNit + \beta 6\ TPit\ NEDit + \beta 7\ TPit\ IOWNit + \beta 8\ CCit + \beta 9\ EMit + \beta 10\ CAPINTit + \beta 11\ LEVit + \beta 12\ DIVit + \sum \beta n\ INDDUMit$

In model 2, the coefficients β6 and β7 are for the variables of the ratio of non-executive managers and the percentage of institutional ownership of the company, which, if significant, is proved in the coefficient of 95% of Hypothesis 2.

In this NED model, board members and IOWN are the percentage of institutional shareholders, both of which are corporate governance variables:

Modulator variable in model 2:

Corporate governance is a set of in-company and out-of-company control mechanisms that strike the right balance between equity on the one hand and the needs and powers of the board on the other, and ultimately provide reasonable assurance to shareholders and funders. And other stakeholders ensure that their investments are returned at a reasonable return and that a value-added mechanism is considered. In this study, three factors of the number of non-executive directors to board members (NED) and the percentage of institutional shareholders (IOWN) have been used:

1. The role of non-executive (non-executive) managers in the created value (NED):

The degree of independence of board members is one of the factors that increase the efficiency of the board. Many accounting studies have used the ratio of non-executive directors to total board members to quantify this indicator. The non-executive members of the board are experts who are also very skilled in control and decision making. These people do not have executive responsibilities in the company and do not receive a monthly salary. In many researches, it has been proved that the presence of non-executive managers in the board of directors has positive effects on the performance and value creation of companies(Ghasempour, 2016).

2. The role of institutional shareholders in the value of created shares (IOWN):

Major investors use voting rights to influence the decisions and structure of the company's board of directors and can therefore be a source of oversight of the company's management performance. Despite the existence of reliable theoretical foundations in this case, the experimental results of research on the relationship between shareholder composition and corporate performance are somewhat correlated and sometimes contradictory results are obtained(Aras & Crowther, 2008).

These two factors are introduced in the corporate governance literature as the two poles of internal corporate governance and external corporate governance, which link internal corporate governance with non-executive directors (NEDs) and external corporate governance with institutional shareholders (IOWN). The role of these two factors in reducing the theory of representation between managers and shareholders is fundamental and this role will be measured in the present study as a moderating factor in the relationship between tax planning and company value(Noor & Sabli, 2012). Table 1 shows the calculation of the main variables used in models 1 and 2.

Table 1. How to calculate the variables of model 1 and 2

Exclusive mark	Variable title	Calculation method
MVE	Stock market value	The stock market value of the company on the stock exchange
BE	Book value of shares	Book value of shares in the company's balance sheet
PBT	Profit before tax	Profit before tax
TP	Tax planning	Profit before tax × (effective tax rate-tax rate)
		Total amount brought by ordinary and preferred shares by shareholders (ordinary shares) + spent (deducted) ordinary shares + preferred shares + spent (deducted preferred shares) *
CC	Brought stock	Profit before tax - cash flow from operating activities
EM	Earnings management	Net machinery and equipment
		Total assets
CAPINT	Intensity of investment	Long-term debt
LEV	Financial Leverage	Total assets

* Since there are no preferred shares in the Iranian capital market, this type of stock has been removed from the formula in conducting this research.

Research period

Since the research is based on information and stock trading on the Tehran Stock Exchange, this research is done with the assumption that the researcher can obtain information about the stock trading of the companies in question.

According to what has been said, the most appropriate time period for the present study is between 2007 and 2012, the reason for the 6-year period is to see the effects of tax advance payments, as well as short-term tax planning and management shifts.

Society and statistical sample

The statistical population of this research was the companies that were active in the stock exchange annually between 2007 and 2012. In these years, 571 companies were active in the stock exchange.

Systematic removal method of screening has been used to determine the sample size.

1- The sample companies were accepted in the stock exchange before the beginning of the research period (2007) and according to the fact that the year of the research was 1398, they should be active in the stock exchange until the end of 1399.

2. The financial interruption should not be intermittently more than 150 days, because otherwise it destroys the reliability of the sample.

3. The financial year of the companies should be unchanged during the investigation period, because the financial period will be less than 12 months.

4- Due to the preservation of comparability, the financial year of the sample companies should be 12.29 each year. According to the measurement of the value of the company and the time conditions affecting the value of the company, the stock price of all companies should be considered in one day.

5. Sample companies should not be part of investment companies, banks and financial institutions, because the special tax conditions of such companies will affect the uniformity of research.

6. Finally, companies should have complete information during the research period, because defects or defects in the information will cause defects in the research results. A total of 104 companies with the above conditions were selected.

RESULTS

When a small amount of information is collected for analysis and interpretation, it should be organized and summarized in a clear and understandable way. The first step in organizing data is to organize it according to a logical criterion. For example, from large to small, ordering the data, the researcher is interested in expressing the characteristics of a set of data accurately, and for this purpose, he uses a series of numerical indicators, which are called general orientation and scattering indicators (mean, median). Fashion, frequency, frequency percentage, valid percentage, cumulative percentage, skewness, elongation, maximum, minimum, variance, standard deviation, etc.). Descriptive statistics is a mechanism through which the above goals can be achieved. In the present study, the mean and median have been used to describe the central indices, and the standard deviation, skewness, elongation, minimum and maximum have been used for the scatter indices.

One of the essential prerequisites for regression is the normality of the data, so that if the data are not normal, the results of the regression may not be real, so before this test, we must be sure of the normality of the data. The k-s test is used to normalize the data so that if the significance level of this test is less than 5%, the data do not have a normal distribution that the

researcher normalizes the data using the asinh mathematical function to normalize them. Therefore, the data being analyzed have a normal distribution.

Table 2. Kolmogorov-Smirnov test for data normalization

	IOWN	NED	PBT	MVE	CC	BE	TP	EP	CAPINT	LEV	DIV
Meaningful Level	4.15	10.31	10.37	5.56	10.55	6.43	10.37	9.72	2.63	5.56	11.41
K-Smirnov value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Table 3. Describes the central indicators and the dispersion of the institutional ownership variable

	Number	average	Middle	SD	skewness	Elongation	Min	Maxim
Institutional ownership	624	3.13	3.95	2.09	-0.616	-1.3	0	5.29
Non-executive members	624	1.62	0.390	2.15	0.771	-1.33	0	5.29
Profit before tax	624	7.23	10.93	8.83	-1.48	0.493	-15.26	26.17
Stock market value	624	8.68	8.61	0.946	0.353	-0.498	6.66	11.54
Brought stock	624	18.88	18.68	1.44	1.01	2.32	15.6	24.66
Book value of shares	624	5.9	7.89	5.44	-2.19	3.01	-10.68	10.2
Tax planning	624	8.28	12.6	10.11	1-1.51	0.512	-17	19
Profit management	624	1.27	8.91	1.09	-0.230	-1.84	-16.63	16.8
Investment intensity	624	0.27	0.23	0.179	0.935	0.305	0	1
Financial Leverage	624	0.095	0.53	0.109	2.48	7.32	0	0.73
Dividends	624	0.813	0.881	0.168	-0.64	73.5	0.000	5.29

The first hypothesis: There is a significant relationship between tax planning and the company's stock market value.

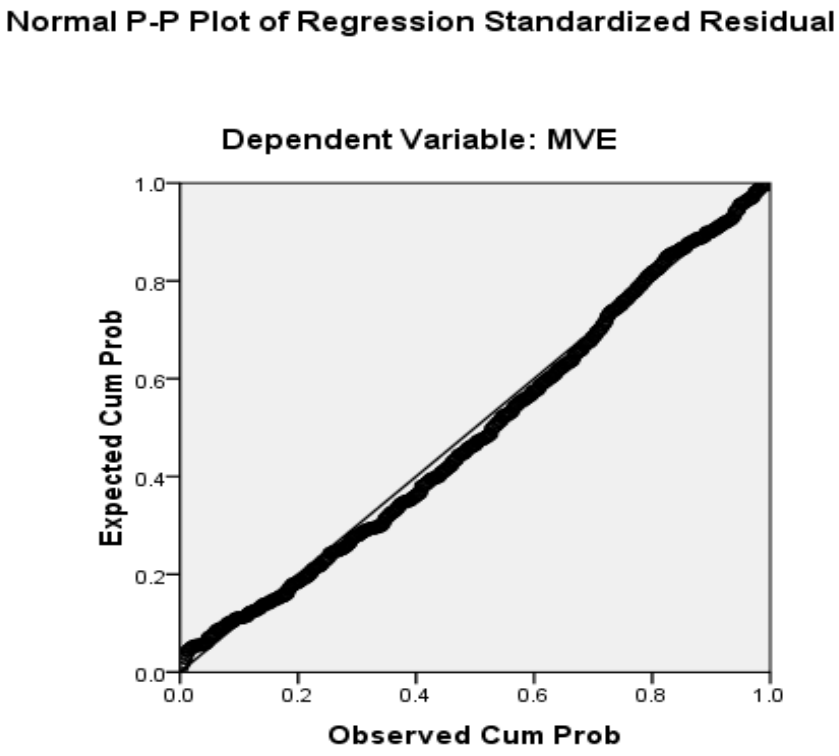

Figure 1. Normal to check for normal residuals

Default Residual Normality: In this default, the data obtained from the difference between the observed and the prediction of the dependent variable must be normal, using the p-p graph.

In this diagram, the data obtained from the residuals must move around a diagonal line that has a normal distribution.

Table 4. Regression model for the first research hypothesis

MVEit+3 = β0 + β1 BVit + β2 PBTit + β3 TPit + β4 CCit + β5 EMit + β6 CAPINTit + β7 LEVit + β8 DIVit εit					
P	t	Beta	SE	B	Variables
0.001	27.140		0.534	14.484	(Constant)
0.001	-11.539	-16.686	0.135	-1.560	TP
0.001	11.826	17.177	0.155	1.838	PBT
0.001	-11.544	-0.472	0.027	-.310	CC
0.501	0.673	0.024	0.003	0.002	BV
0.501	0.673	0.024	0.003	0.002	EM
0.420	0.808	0.031	0.202	0.164	CAPINT
0.659	-0.441	-0.016	0.320	-0.141	LEV
0.019	-2.360	-0.078	0.185	-0.435	DIV
Watson Camera: 1.83					
F (Sig.): 47.02 (0.001)					
Determination coefficient (R2): 0.348					
Correlation coefficient: 0.590					
Dependent variable: stock market value					

In regression analysis, especially when variables are studied over a period of time, the data may follow a certain pattern over time. The Watson camera-test is used to detect this pattern. The concept of independence means that the result of one observation has no effect on the result of other observations. In regression, most of the time when the behavior of the dependent variable is studied over a period of time, we may encounter the problem of errors not being independent. This type of relationship in the data is called autocorrelation. Linear regression cannot be used if there is autocorrelation in errors. To test this hypothesis intuitively, we can use the diagram of the studentized variable sequence in SPSS. But a safer way is to use the Watson camera test. The Watson camera score is between 0 and 4. If there is no consecutive correlation between the residuals, the value of this statistic should be close to 2. If it is close to zero, it indicates a positive correlation, and if it is close to 4, it indicates a negative correlation. The value of the Watson camera is 1.83, and since this value is between 1.5 and 2.5, the independence of the errors is also accepted. In this table, it can be seen that the obtained correlation coefficient is equal to 0.590, which indicates the correlation between the independent variables and the dependent variable, and the coefficient of determination is (348), so 35% of the change in the dependent variable is due to changes in the independent variable. is. It can also be seen in Table (4) that the significance level (Sig) of the Fisher test is less than 1%, so there is a linear relationship between the variables.

Significance level of t-test for tax planning variable is less than 1%, so the regression equation can be designed, so that according to the table above, it can be seen with a unit change in tax planning variable of -1.56 units. It reduces the stock market value. Therefore, the H0 hypothesis is rejected and the H1 hypothesis is accepted, so it can be said with 99% confidence that the tax planning model based on tax planning has the power to determine the stock market value of companies listed on the stock exchange.

MVEit + 3 = 14.48- 1.56- TPit 1.83 + PBTit 0.310- CCit - 0.435 DIVit

In the above equation, it can be seen that the variables of tax planning, dividends and dividends have a decreasing effect on the stock market value and the variables of profit before tax have an increasing effect on the stock market value.

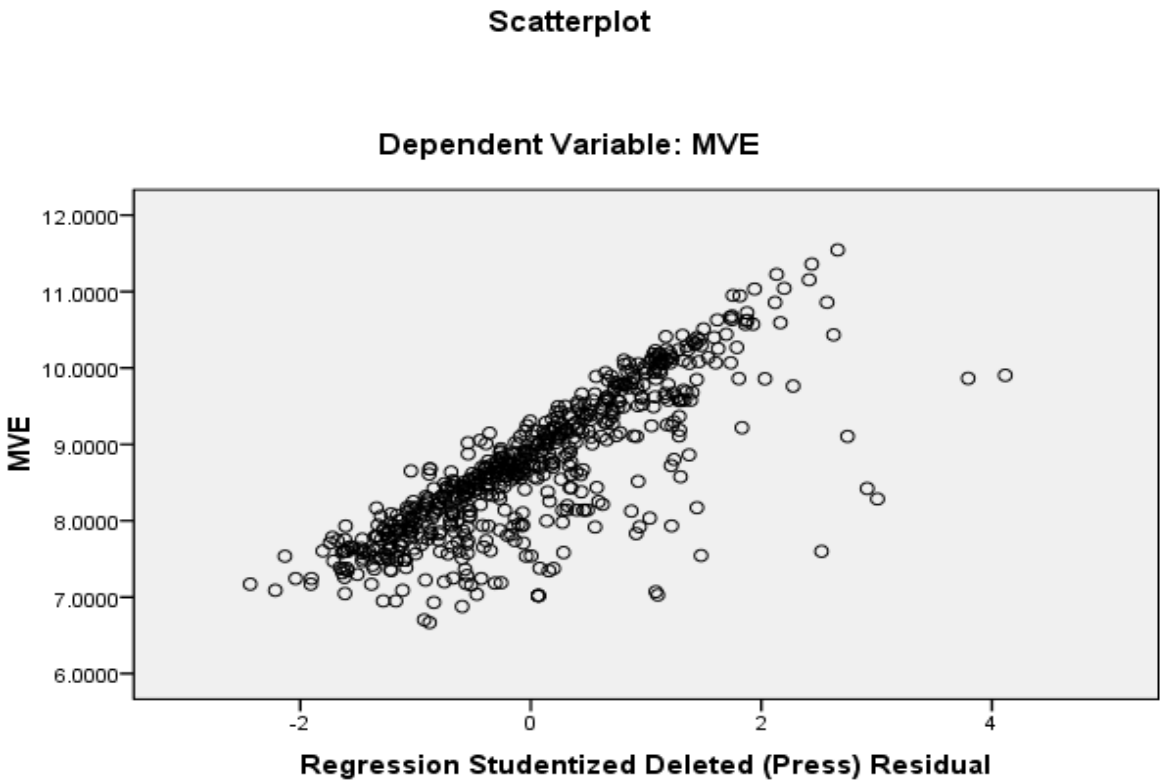

Figure 2. Explain the model by independent variables

In the diagram above, it can be seen that the data of the independent variables have the necessary scatter around the data of the dependent variable, and this shows the ability of the independent variable to explain the model.

The second hypothesis: Corporate governance regulates the relationship between tax planning and the value of a company's stock market.

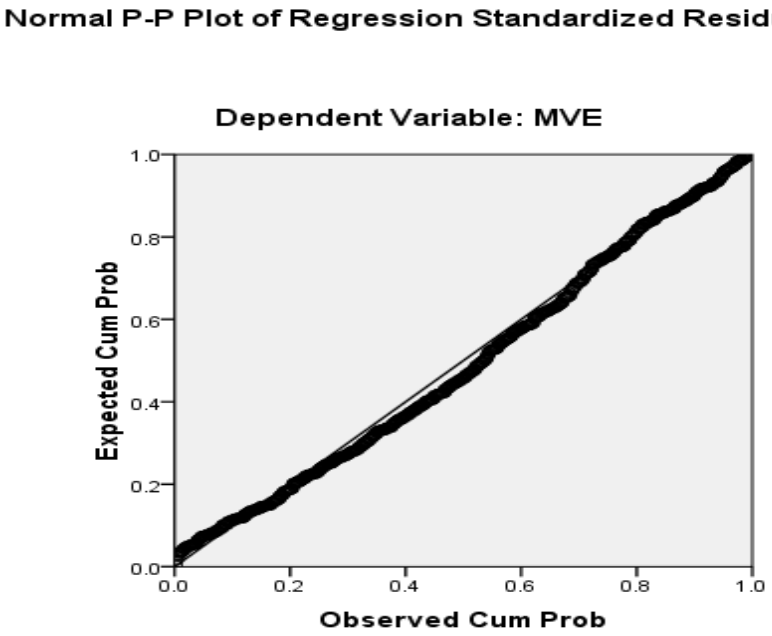

Figure 3. Normal to check for normal residuals

Default Residual Normality: In this default, the data obtained from the difference between the observed and the prediction of the dependent variable must be normal, using the pp graph. All residues are around or on the fitting line, so it can be concluded that the residues have a normal distribution.

Table 5. Regression model for the second research hypothesis

MVEit+3 = β0 + β1 BVit + β2 PBTit + β3 TPit + β4 CCit + β5 EMit + β6 CAPINTit + β7 LEVit + β8 DIVit+ β4 NEDit + β5 IOWNit+ εit					
P	t	Beta	SE	B	Variables
.000	26.690		.541	14.428	(Constant)
.000	-11.421	-16.595	.136	-1.552	TP
.000	11.651	17.008	.156	1.820	PBT
.000	-11.400	-.473	.027	-.311	CC
.003	2.938	.129	.008	.022	BE
.436	.780	.028	.003	.002	EP
.629	.483	.019	.203	.098	CAPINT
.642	-.466	-.017	.318	-.148	LEV
.027	-2.222	-.073	.184	-.409	DIV
.830	.214	.007	.015	.003	IOWN
.376	-.886	-.030	.015	-.013	NED
Watson Camera: 1/81					
F (Sig.): 34.12 (0.001)					
Determination coefficient (R2): 0.358					
Correlation coefficient: 0.598					
Dependent variable: stock market value					

The value of Watson camera is equal to 1.81 and because this value is between 1.5 to 2.5 so the independence of errors is accepted, also seen in this table, the obtained correlation coefficient is equal to 0.598 which indicates the correlation between independent variables. And is a dependent variable and the coefficient of determination is obtained (0.358), so 35% of the change in the dependent variable is due to changes in the independent variables. Also, in this table it can be seen that the significance level (sig) of Fisher test is less than 1% so there is a linear relationship between the variables. In the table above, it can be seen that the significance level of t-test for tax planning variable is less than 1%, so the regression equation can be designed so that according to the table above, with one unit change in tax planning variable of -1.55 units, it reduces Becomes the stock market value. Therefore, the H0 hypothesis is rejected and the H1 hypothesis is accepted, so it can be said with 99% confidence that the valuation model based on tax planning has the power to explain the stock market value of companies listed on the stock exchange. This table shows that corporate governance, ie the percentage of institutional ownership and non-executive managers entered into the model, but the results of this model show that these two adjustment variables did not have much effect on the relationship between tax planning and stock market value, so that the impact of tax planning on The stock market value without the intervention of corporate governance variable is equal to -1.55 but with the intervention of corporate governance is equal to -1.59, so the effect of corporate governance on the relationship between these two variables is not statistically significant.

MVEit + 3 = 14.28 – 1.55 - TPit1.82 + PBTit – 0.311 CCit +0.022 BE it - DIVit

In the above equation, it can be seen that the variables of tax planning and stock bringing and dividend have a decreasing effect on the stock market value and the variables of pre-tax profit and stock book value have an increasing effect on the market value have shares.

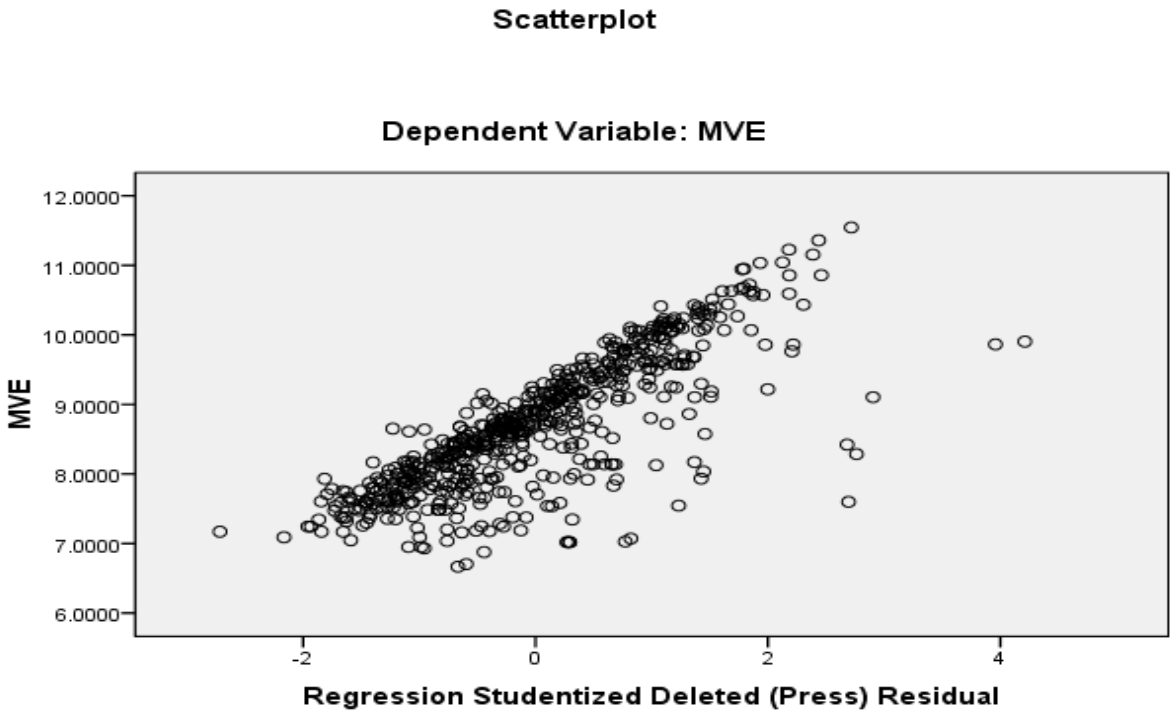

Figure 4. Explain the model by independent variables in the second hypothesis

In the diagram above, it can be seen that the data of the independent variables have the necessary scatter around the data of the dependent variable, and this shows the ability of the independent variable to explain the model.

CONCLUSION

To test this hypothesis, which states that there is a significant relationship between tax planning and the company's stock market value, multiple regression using the Inter method has been used. The results in Table 4-13 show that the value of the Watson camera is between 1.5 and 2.5, so the independence of the errors is accepted. The p-p diagram also shows that the residue is around the fitting line so the residuals have a normal distribution. It is also observed that the value of the obtained correlation coefficient is equal to (0.590) and the model explanation by the independent variable is 34%, which shows that the independent variables could explain the model. Also, the significance level of F-test is less than 1%. The linear relationship between the variables is confirmed. Given the prerequisites of the hypothesis, it is possible to conclude from the summary table of coefficients. In the summary table of coefficients, it can be seen that the level of significance of t-test has been significant for variable coefficients of tax planning. Therefore, these variables can participate in the equation. And affect the dependent variable (company value). So, in general, it can be said that the valuation model based on tax planning has the power to explain the value of the stock market. The magnitude of the impact of tax planning (-1.56) on stock market value indicates that this effect is reversed. That is, tax planning reduces the value of the stock market. The reason for this in Iran could be investors' distrust of managers who do tax planning, and lack of tax planning will increase the stock price of companies

To test the hypothesis that corporate governance modulates the relationship between tax planning and the company's stock market value, multiple regression was used using the Inter method. The results in Table 4-14 showed that the value of the Watson camera is between 1.5

and 2.5. Thus, the independence of errors is accepted. The p-p diagram also shows that the residues are around the fitting line. So, the residues have a normal distribution. It is also observed that the value of correlation coefficient is equal to (0.598) and the rate of model explanation by independent variable is equal to 35%, which shows that independent variables can explain the model, also the significance level of F test is less than 1%. The line between the variables is confirmed. Due to the observance of the prerequisites of the hypothesis, it is possible to conclude from the summary table of coefficients. In the summary table of coefficients, it can be seen that the level of significance of t-test has been significant for variable coefficients of tax planning. Therefore, these variables can participate in the equation. And affect the dependent variable (market value of stock price). So, in general, it can be said that the valuation model based on tax planning has the power to explain the stock market value. The magnitude of the impact of tax planning (-1.55) on stock market value indicates that this effect is reversed. That is, tax planning reduces the value of the stock market. In this hypothesis, corporate governance variables (percentage of institutional ownership and percentage of non-executive managers) are included in the model as moderators and the effect of tax planning on stock market value with the intervention of corporate governance control variable is -1.56 but without the intervention of this variable Tax planning control in the amount of (-1.55) affects the stock market value. Therefore, it is concluded that the effect of corporate arbitration on the relationship between the two main variables of the hypothesis is not tangible and has little effect on the relationship between these two variables. The conclusion of this hypothesis is similar to the conclusion reached by Dr. Abdul Wahab in 2012 in the United Kingdom.

The results of the hypotheses of this study show that tax planning has a reducing effect on stock market value. This can be due to investors' lack of confidence in managers who have the ability to change financial statements in favor of the company and consequently these managers Investors prefer their interests and are not trustworthy to investors.

The corporate governance variable as a moderating variable does not have a significant effect on the relationship between tax planning and stock market value and is better than tax planning methods that both incur additional costs on the company and reduce the value of the company, on the other hand reduce revenue public administration through taxes and reduced public welfare. This is a three-pronged equation, and all three parties will be hit by tax planning.

Research limitations

The present study, like other studies, has the following limitations that may affect the outcome of the study:

A) One of these limitations is a special feature of quasi-experimental research that is common in the field of social sciences. In other words, the effect of other variables that are beyond the control of the researcher and the possibility of their impact on the research results is not far from the mind. Variables such as major economic indicators such as inflation, exchange rate fluctuations, sanctions and the like that make the results cautious.

B) The second limitation is related to the amount and collection of research data. Which is very limited, secondly, in the data collection process, data related to some companies may not be available in databases. Third, the data may not be up-to-date and the researcher may have difficulty collecting the data. As a result of our research, the validity of t It does not have similar foreign facts.

C) Inability to compare the cash tax payable and the accrued accrual tax in order to separate the types of tax planning into planning for non-payment and late payment due to the confidentiality of corporate tax information.

Suggestions for future research

1- The relationship between types of ownership (institutional, corporate, managerial, private) with tax planning should be examined.

2- The relationship between macroeconomic variables (GDP, inflation, etc.) should be examined with tax planning.

3- The relationship between the tax culture of the people of the society and tax planning should be examined.

4. Investigate the direct relationship between tax planning and corporate governance.

Suggestions from research results:

According to the research results, it is suggested that the board of directors of companies react to the tax planning of managers and stand against these costs, because doing this cost does not increase the benefits over costs and is detrimental to increasing the value of the company.

Due to the devaluation of the company and the transparency of this issue and the culture of the reasons for the government's participation in companies, the Finance Department will reduce the corporate tax planning to reduce the company's costs and increase its stock price to boost the economy.

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