

EDITOR IN CHIEF

DINH VAN SON

DEPUTY EDITOR IN CHIEF

SECRETARY OF EDITORIAL OFFICE

PHAM MINH DAT

EDITOR IN ENGLISH

NGUYEN THI LAN PHUONG

EDITORIAL SCIENTIFIC COUNCIL

Dinh Van SON - Thuong mai University, Vietnam - President

Pham Vu LUAN - Thuong mai University, Vietnam - Vice President

Nguyen Bach KHOA - Thuong mai University, Vietnam - Deputy President

THE MEMBERS

Vu Thanh Tu ANH - Fulbright University in Vietnam, USA

Le Xuan BA - Centural Institute for Economic Managerment, Vietnam

Hervé B. BOISMERY - University of La Reunion, France

H. Eric BOUTIN - Toulon Var University, France

Nguyen Thi DOAN - Vietnam Learning Promotion Association, Vietnam

Haasis HANS - Dietrich - Institute of Shipping Economics and Logistics (isl) Bremen - Germany

Le Quoc HOI - National Economic University, Vietnam

Nguyen Thi Bich LOAN - Thuong mai University, Vietnam

Nguyen Hoang LONG - Thuong mai University, Vietnam

Nguyen MAI - Vietnam Economist Association, Vietnam

Duong Thi Binh MINH - University of Economics Ho Chi Minh City, Vietnam

Hee Cheon MOON - Korean Trade Research Association, South Korea

Bui Xuan NHAN - Thuong mai University, Vietnam

Luong Xuan QUY - Vietnam Economicst Association, Vietnam

Nguyen Van Song - Vietnam National University of Agriculture

Nguyen TAM - California State University, USA

Truong Ba THANH - University of Danang, Vietnam

Dinh Van THANH - Institute for Trade Research, Vietnam

Do Minh THANH - Thuong mai University, Vietnam

Le Dinh THANG - University of Québec à Trois Rivières, Canada

Tran Dinh THIEN - Vietnam Institute of Economics, Vietnam

Nguyen Quang THUAN - Vietnam Academy of Social Sciences, Vietnam

Le Nhu TUYEN - Grenoble École de Managment, France

Washio TOMOHARU - Kwansei Gakuin University, Japan

Zhang YUJIE - Tsinghua University, China

Journal of Trade Science

ISSN 1859-3666

Volume 10

Number 2

June 2022

CONTENTS

Page

1. **Diem, N. T.N. and Lanh, N. T.** - Key Factors Influencing the Liquidity Risk of Commercial Banks in Vietnam 3
2. **Vi, H. T. and Thuy, V. T. N. and Dat, P. M.** – Time orientation in advertising avoidance: the study of online advertising platforms 16
3. **Hang, T. T. B. and Anh, T. T. K.** - Factors affecting the development of management-level personnel in international travel enterprises of Hanoi 28
4. **Trang, N. Q.** - The use of lifecycle costing management: A survey in Vietnamese mechanical manufacturing enterprises 45
5. **Hieu, P. D. and Huyen, C. T.** - Factors Affecting the Application of Responsibility Accounting: A Case Study in Automobile Manufacturing Enterprises in Vietnam 56
6. **Duong, L. T. T. and Linh, V. T. T.** - The Factors Affect on the Satisfaction of Customers Using Mobile Banking: An Empirical Study in Vietnam 66
7. **Chi, N. T. K.** - Understanding Domestic Tourist Behaviors for Eco-Tourism Sustainable Development 80
8. **Dut, V. V. and Tuyen, P. L.** - The Relationship Between Economic Growth, Foreign Direct Investment, And Environmental Pollution in Vietnam 95
9. **Vinh, L. H. and Thu, V. T. A.** - Does Tax Planning Create Value-Adding for Vietnamese Listed Firms? 107

DOES TAX PLANNING CREATE VALUE-ADDING FOR VIETNAMESE LISTED FIRMS?

Le Hoang Vinh

University of Economics and Law -
Viet Nam National University - Ho Chi Minh City
Email: vinhlh@uel.edu.vn

Vũ Thị Anh Thu

Banking University of Ho Chi Minh City
Email: thuvta@buh.edu.vn

Received: 08th March 2022

Revised: 16th May 2022

Accepted: 19th May 2022

This paper examines the effect of tax planning on the company value of listed companies in Vietnam, especially we investigate the difference in research results on this relationship between state-owned companies and non-state-owned companies. We used the purposive sampling method with a total sample of 513 non-financial companies between 2015 and 2019. We used secondary data from audited financial statements and other statistical documents of these companies. According to GLS estimation, the research result shows that tax planning positively affects company value, and state-controlled enterprises create more value-adding than non-state-controlled ones. In addition, state ownership, capital intensive, and company size are control variables that positively impact firm value, but financial leverage is not. The findings suggest that financial managers should apply the SAVANT framework, which focuses on considering financial decisions in the tax environment in order to seek opportunities to increase tax benefits and increase company value.

Keywords: Non-financial Companies, Firm Value, Tax Planning

JEL Classifications: G32, G38, H32

DOI: 10.54404/JTS.2022.10.02.09

1. Introduction

Tax planning can be defined as legal, strategic activities to get tax benefit that is expected to create value-adding for firms. The objective of tax planning is to optimize taxes rather than minimize them. In other words, there must be a balance between benefits and costs. Karayan and Swenson (2007) suggest using the SAVANT framework to generate tax savings and balance the benefits with tax planning costs. SAVANT is an acronym for Strategy, Anticipation, Value-Adding, Negotiating, and Transforming. SAVANT works this way: adding maximum value to each tax transaction, anticipating tax impacts, considering the tax impacts to negotiate the most advantageous arrangement, and transform-

ing the tax treatment of items to the most favorable status. Moreover, it helps practitioners how to make tax planning fit into business decisions.

In financial management, tax planning is one of the most crucial decision-making because of the firm's responsibility to pay enough taxes on time. That do, not only payments affect an organization's cash flow, but they directly have an impact on profits. From owners' perspective, expert financial managers generally seek to manage taxes on every significant transaction, based on economic policy and tax law, to maximize shareholder value. Previous studies reveal the practical benefits of tax planning. For example, Mills et al. (1998) give proof of large US firms deferring tax payments 1 USD to save 4

USD, or according to Wilson (2009), 1 USD fees paid relating to tax shelters can save 12 USD in tax expenses.

There are many prior studies on the impact of tax planning on firm value. However, their results are not consistent, consisting of tax planning positively/negatively affects firm value or tax planning does not impact firm value. In other words, tax planning in different contexts impacts or does not impact firm value; significantly, more studies need to extend our understanding of whether and in what context tax planning is valuable (Wilde and Wilson, 2018). Moreover, the underlying theory is widely available to test hypotheses. Related studies are almost based on the agency theory to explain the value of tax planning. However, this traditional agency theory can not clarify when the tax planning of this kind of firm is more beneficial than that of others. Thus, there needs to combine it with different theories due to the research context. In our study, we suggest the political power/cost theory.

By matching the agency theory and the political power/cost theory, our study is expected to expand empirical research on the impact of tax planning on firm value from the case of Vietnamese non-financial listed firms. We advocate that the tax planning of Vietnamese non-financial listed companies adds value and is more beneficial if state-controlled shareholders have the political power. Accordingly, the authors believe that the findings will be the reliable empirical evidence for financial managers and the Government to adjust their decisions.

Besides the introduction, the remainder of this paper is arranged as follows. In Section 2, the authors present the theoretical framework and empirical literature reviews. Section 3 presents the research model and methodology. The research results and the discussions are listed in the 4th section. What is more, the conclusions and the recommendations are presented in the last section.

2. Theoretical framework and empirical literature reviews

2.1. Theoretical framework

Agency theory is based on the separation of owners and managers to suggest this problem (Jensen and Meckling, 1976). The authors also propose that firm managerial, organizational, and capi-

tal structure can all generate agency problems. In prior tax research, these are also used to measure agency costs. However, there is no consensus on the findings. Wilde and Wilson (2018) contend that each set has unique agency issues.

Based on the agency theory, if financial managers' tax decisions are optimal from the shareholders' perspective, there is a positive relationship between tax planning and firm value. Managers may act on shareholders' interests to get higher salaries, promotions, and property. As a result, tax planning achieves the ultimate goal of reducing taxes relative to pretax income to create value-adding to the firm. Conversely, managers make decisions not optimal from the shareholders' perspective, thus cost for firms. Besides the compensation mechanism, Jensen and Meckling (1976) suggest that ownership and capital structure can generate agency costs besides the compensation mechanism. Therefore, controlling ownership and capital characteristics can exacerbate agency conflicts and negatively affect tax decisions and, ultimately, firm value.

The political cost theory, first started by Aichian and Kessel (1962), assumes that more prominent size and better performance companies incur higher effective tax rates. In other words, political costs are, for example, corporate tax expenses and compliance costs as well. Thus, firm size controls the relationship between tax planning and firm value negatively. Besides, Watts and Zimmerman (1978) suggest that the larger the firm's size is, the more governmental intervention costs rise. Jensen and Meckling (1978) also support this conclusion owing to larger firms' more visibility.

On the contrary, the political power theory positively advocates for the association between tax planning and firm value. Companies have size strengths to reduce the effective tax rate to add value for firms (Siegfried, 1972). Thus, the two opposite theories of politics imply that there are political connections between government and firms. In transition economies, state ownership is a proxy of the government's power over managers' tax decisions (Nguyen and Phan, 2017; Ying et al., 2017). Moreover, Wu et al. (2012) find that the former holds for privately-owned firms, while the latter has for state-controlled firms.

Our research examines the positive relationship between tax planning and firm value in response to the above. Based on the agency and political power theories, corporate internal characteristics control variables include firm size, financial leverage, state ownership, and capital intensive. This paper postulates that state ownership and capital intensive reflect a firm's political power, corporate governance, and asset mix. In the context of Vietnam, after 35 years of renovation, we conceive that the value of a firm's tax planning differs among firms depending on state-controlled ownership or not.

2.2. Empirical literature reviews

There is so far no consensus about the effect of tax planning on firm value, including positive, negative or non-significant effects. Desai and Dharmapala (2009) firstly investigated the relationship between tax avoidance and firm value. They find the overall impact of tax planning on United States firm value is insignificant, but agency cost can reduce in the sample of well-governed firms. Following the research of Desai and Dharmapala, some papers also conclude that the findings of tax planning does not impact firm value (Akbari et al., 2018; Olajide, 2017; Salawu et al., 2017).

Other studies corroborate that there is a positive association between tax planning and firm value depending on different research setting. Ji and Shan (2018) support that well-governed firms can raise the firm value by decreasing the charged agency costs created by tax benefits. In another perspective of investigating the differences in corporate tax rates over nations impact United States multinational firms' value, Bryant-Kutcher et al. (2012) reveal a positive relationship between tax planning and firm value. In an international perspective, Tang (2017) investigates the value-enhancing of tax avoidance from 46 countries during the period 2001-2010 and reveal this relation is only more value adding in developed countries. Khaoula et al. (2015) also find that tax planning contributes to increasing the value of the EURONEXT 100 companies. Besides, the authors point out internal firm characteristics control the relationship, including financial leverage, firm size, dividend, and earnings management.

In contrast, tax planning mitigates firm value (Chen et al., 2014; Wahab and Holland, 2012). On

average, the results align with the agency cost theory, the conflict of interest in tax decisions reduces firm value. Appolos and Jerry (2016) find a negative association between tax planning and firm value of Nigerian consumer goods industrial sector, however, it is not sufficiently strong enough to explain the variation in the company's value.

Overall, tax planning can explain how it affects firm value. The results are so far inconclusive because of the difference in tax policy among countries. Moreover, Wilde and Wilson (2018) contend there needs more underlying theory to test hypotheses. In the context of Vietnam, research advocated on this topic is very little. Nguyen et al. (2020) is the first research to investigate the relation between tax avoidance and firm performance. The authors contend that agency theory on principal and agency conflict leads to the different effects of tax avoidance on firm performance by arranging complex transactions to avoid tax or pursuing managers' interests. The findings are mixed because of the difference in tax avoidance and firm performance measure. However, we find that tax avoidance (proxy by current/cash effective tax rate) and firm performance (representative by Tobin's Q) is more consistent with each other. Besides, the authors do not consider the governance mechanism, especially the ownership structure, as the main shareholder in the government's case.

The conflicts between the blockholders and minority shareholders over the control of resources exacerbate when the government is the prominent owner (Dharwadkar et al., 2000). Thus, government-owned firms might look for profit maximization by minimizing tax costs and pursuing tax avoidance and vice versa. In the context of an emerging country like Vietnam, because of the government's power over managers' decisions, we expect tax planning creates value-adding for firms, and the tax planning of state-controlled companies creates more value-adding than that of non-state-controlled ones.

3. Research Model and Methodology

3.1. Research model

As mentioned in Section 2 above, prior studies on taxes and the firm's value presumed a linear association between tax planning and firm value, typically the research of Bryant-Kutcher et al. (2012),

Khaoula et al. (2015), Nguyen and Phan (2017). Accordingly, the tax planning (measured by Generally Accepted Accounting Principles effective tax rate - GAAP ETR) is expected to positively impact the value of Vietnamese listed firms (measured by Tobin's Q). We state the first hypothesis as follows:

H1: Tax planning creates value-adding for Vietnam's non-financial listed companies.

In the context of Vietnam, after 35 years Revolution of "Doi Moi" the Vietnamese government still takes a vital role in the economy and state-owned enterprises. Our data of 513 non-financial listed companies from 2015 to 2019 reveals that state ownership has an average of 25.28%, and the number of state-owned enterprises is 149 which state owns 50% or more of equities. State ownership, especially controlling shareholders, can directly affect tax decisions and, finally, the firm value. As a result, the second hypothesis states as follows:

H2: Tax planning of SOEs creates more value-adding than non-SOEs'.

The research model of this paper includes firm value (FV) as the dependent variable, and tax planning (TP) as the independent variable. In addition, the model also has control variables, including state ownership (SOWN), capital intensive (CAPINT), financial leverage (LEV) and firm size (SIZE). Thus, as i is used to index firms and t to index year, the regression model is formulated as the following:

$$FV_{i,t} = \beta_0 + \beta_1 * TP_{i,t} + \beta_2 * SOWN_{i,t} + \beta_3 * CAPINT_{i,t} + \beta_4 * LEV_{i,t} + \beta_5 * SIZE_{i,t} + \varepsilon_{i,t}$$

where β_0 is the constant (intercept); $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ are the coefficients; ε is the error term.

Table 1 below shows the measurement of variables and their expected signs when we construct the model to investigate the effect of tax planning on Vietnamese listed firm value.

3.2. Data and Methodology

To have the research sample, the authors used the purposive sampling method to select 513 non-financial firms in the period 2015-2019 with the following criteria: (i) The stocks of companies are still listed on the stock exchange by the end of the year 2019, (ii) These companies provided sufficient financial statements from 2015 to 2019, and (iii) All financial statements are assessed by the independent

auditors for authenticity in all material respects. All the companies in the financial sector are excluded because of its accounting and tax specificities. Moreover, Circular No. 200/2014/TT-BTC promulgates accounting policies applying to non-financial firms from 2015. The research data are collected from audited financial statements and other statistical documents which are supplied by FiinGroup Joint Stock Company (Vietnam).

Our research data are structured as balanced panel data with a total of 2565 observations, and we use the EViews 10.0 for working with it. We use Pooled Ordinary Least Squares (Pooled OLS), Fixed-effect model (FEM), and Random-effect model (REM). The outcomes of the multivariate regression analysis are then tested using the Redundant fixed-effects test (H0: accept Pooled OLS, H1: accept FEM), Lagrange multiplier test (H0: accept POLS, H1: accept REM), and Hausman test (H0: accept REM, H1: accept FEM) to identify the most appropriate model. We then have continued to check the autocorrelation, the strong multicollinearity, and the heteroskedasticity. If they are confirmed, we will fix them by using Generalized least squares (GLS) regression.

Above all, we also use purposive sampling for content analysis. Thus, we divide the entire sample into state-owned enterprises (SOEs) and non-state-owned enterprises (non-SOEs). The former, called group 1, consists of firms with 50% of shares and over, while group 2 has less than 50%. These regression outputs help us know which tax planning is more valuable, SOEs' or non-SOEs'.

4. Research Results and Discussions

4.1. Descriptive Statistics

Table 2 provides the descriptive statistics of our research variables from 2015 to 2019. The value of FV fluctuates from the minimum of 0.0813 to the maximum of 7.8426 and has a mean of 1.0421. Thus, FV is low on the average within the sample firms. The standard deviation of FV is 0.6159, which is lower than 1.148 in China (Chen et al., 2014), 0.849 in EURONEXT 100 firms (Khaoula et al., 2015) and 2.313 in the US (Desai and Dharma, 2009). TP averages 20.04%, thus, it is not much larger than statutory tax rate at 20% from 2016 to 2019; the combination of the standard deviation and the mean indicates

Table 1: Variable measurements and expected signs

Variable	Measurement		Expected sign	
			Sign	Principal research
Dependent variable				
FV	Book value of debts + Market value of equity			Bryant-Kutcher et al. (2012), Khaoula et al. (2015)
	Total assets			
Independent variable				
TP		Total tax income expense (current and deferred tax)	+	Bryant-Kutcher et al. (2012), Khaoula et al. (2015)
		Earnings before tax		
Control variables				
SOWN		The market value of state equity The market value of equity	+	Bryant-Kutcher et al. (2012), Nguyen and Phan (2017)
CAPINT		Tangible assets Total assets	+	Bryant-Kutcher et al. (2012), Khaoula et al. (2015)
LEV		Total debts Total assets	–	Bryant-Kutcher et al. (2012), Khaoula et al. (2015)
SIZE		Natural logarithm of total assets	+	Bryant-Kutcher et al. (2012), Khaoula et al. (2015)

Source: Summary of the authors

that the TP data are normally distributed. Gennerally, TP is lower than 25.695% in EURONEXT 100 firms (Khaoula *et al.*, 2015), 34.4% in the US (Bryant-Kutcher *et al.*, 2012). Besides, Table 2 also shows that firms within the sample are variable in SOWN, CAPINT, LEV, and SIZE.

inflation factors (VIFs). In line with our hypothesis, GAAP ETR (a proxy for TP) negatively correlates with Tobin's Q (a representative for FV) at a significant level of 10%. In other words, the firm value rises when the effective tax rate decreases due to effective tax planning. All control variables imply

Table 2: Descriptive statistics

Variables	Mean	Maximum	Minimum	Std. Dev	Observations
FV	1.0421	7.8426	0.0813	0.6159	2565
TP	0.2004	10.401	0.0000	0.2631	2565
SOWN	0.2529	0.9672	0.0000	0.2594	2565
CAPINT	0.2414	0.9422	0.0000	0.2099	2565
LEV	0.4759	0.9706	0.0027	0.2298	2565
SIZE	5.8164	7.9542	4.1830	0.6723	2565

Source: Authors' calculation

4.2. Correlation Matrix and Variance Inflation Factor

Table 3 describes the correlation coefficients between the different variables and the variance

the predicted relation with FV, and all VIFs do not exceed ten. There is no severe multicollinearity in the model (Hair *et al.*, 2006; Neter *et al.*, 1996).

Table 3: Correlation matrix and Variance inflation factors

	FV	TP	SOWN	CAPINT	LEV	SIZE
FV	1.0000 -----					
TP	-0.0329* 0.0958	1.0000 -----				
SOWN	0.0998*** 0.0000	0.0469** 0.0175	1.0000 -----			
CAPINT	0.1225*** 0.0000	-0.0154 0.4362	0.1224*** 0.0000	1.0000 -----		
LEV	-0.1061*** 0.0000	0.0733*** 0.0002	0.0897*** 0.0000	-0.0595*** 0.0026	1.0000 -----	
SIZE	0.0789*** 0.0001	0.0320 0.1050	-0.0097 0.6228	0.0968*** 0.0000	0.3353*** 0.0000	1.0000 -----
VIF		1.0074	1.0305	1.0384	1.1562	1.1485

Notes: ***, ** and * indicate significance at 1%, 5% and 10%, respectively.

Source: Authors' calculation

4.3. Regression Analysis

Firstly, we run Pooled OLS regression. Then FEM is used, and the Redundant Fixed Effect Test shows that FEM is more suitable than Pooled OLS. Finally, we chose FEM because of the Hausman test's results. Based on FEM regression outputs, there is a negative association between the proxy of TP and FV. In more detail, the firm value increases when the effective tax rate decreases due to good tax planning. However, significance is inadequate, while all control variables are statistically significant at 1%.

Table 4 shows that FEM is used to explain the effect of tax planning on firm value. FEM regression results only indicate individual differences; thus, autocorrelation is considered zero (Hair et al., 2006). Consequently, we only examine heteroskedasticity error.

This paper used Wald Test in the fixed-effect regression model, which is

shown in Table 5. Accordingly, the probability value is below 5%, which shows that heteroskedasticity exists in the model (Greene, 2018). Thus, the GLS regression is used to correct this error to ensure the robustness of the estimation results (Baltagi, 2008; Gujarati, 2008).

Table 4: Regression Outputs of Pooled OLS, FEM, and REM

Variables	Pooled OLS	FEM	REM
TP	-0.0689 (0.0453)	-0.0022 (0.0108)	-0.0040 (0.0108)
SOWN	0.2490*** (0.0465)	-0.0419 (0.0272)	-0.0184 (0.0263)
CAPINT	0.2598*** (0.0577)	0.1147*** (0.0389)	0.1493*** (0.0372)
LEV	-0.3996*** (0.0556)	0.2679*** (0.0354)	0.2051*** (0.0340)
SIZE	0.1120*** (0.0189)	-0.2281*** (0.0239)	-0.1469*** (0.0206)
C	0.4689*** (0.1051)	2.2249*** (0.1368)	1.7689*** (0.1205)
Breusch-Pagan Test	4583.263 [0.0000]		
Redundant Fixed Effects Test		8660.4119 [0.0000]	
Hausman Test			76.7323 [0.0000]

Notes: Standard errors in parentheses; P-value of tests in square brackets; *** indicate significance at 1%

Source: Authors' calculation

Table 5: *Wald Test*

Test Statistic	Value	Df	Probability
F-statistic	30049.77	(6, 2047)	0.0000
Chi-square	180298.6	6	0.0000

Source: Authors' calculation

GLS regression outputs in Table 6 generally reveal a negative impact of the effective tax rate on Tobin's Q, a consistently positive relationship between TP and FV. The direction of the effect of tax planning on the firm value does not change between groups 1 and 2. However, the tax planning of SOEs has the greatest negative coefficient, and non-SOEs is the smallest one.

Besides, SOWN, CAPINT, and SIZE of the whole sample have a significantly positive effect on firm value, while LEV has a negative impact on firm value. Within group 1, SOWN changes into a negative effect on the firm value and has the smallest coefficient compared to group 2's and the whole sample's.

relationship, the company has a good tax planning represented by the reduced effective tax rate, the firm value will increase, and vice versa. Our finding is in line with prior studies (Bryant-Kutcher et al., 2012; Khaoula et al., 2015). Interestingly, the tax planning of SOEs creates more value than non-SOEs. In this case, SOEs have advantages of political connection that benefit from tax concessions (e.g., exempt, reduction, and deferral of taxes); thus, an effective tax rate reduces and leads to an increase in firm value. Therefore, the results support H1 about tax planning positively affects Vietnamese listed firm value, and H2 about SOEs' tax planning is more valuable than non-SOEs'.

According to financial view, corporate income tax can have an impact on choices for financial decisions and affect the goal of adding value to the company (Van Horne & Wachowicz, 2008). Therefore, the positive effect of tax planning on firm value supports the SAVANT framework. When making decisions on investment, financing, and asset manag-

Table 6: *Empirical results of GLS*

Variables	The entire sample	Group 1	Group 2
TP	-0.0502*** (0.0118)	-0.0718*** (0.0151)	-0.0196* (0.0103)
SOWN	0.1899*** (0.0085)	-0.1219*** (0.0271)	0.7940*** (0.0172)
CAPINT	0.2336*** (0.0097)	0.0799*** (0.0124)	0.3225*** (0.0149)
LEV	-0.2874*** (0.0110)	-0.4663*** (0.0147)	-0.3157*** (0.0142)
SIZE	0.0894*** (0.0033)	0.0934*** (0.0047)	0.1462*** (0.0045)
C	0.5354*** (0.0177)	0.7929*** (0.0282)	0.1474*** (0.0249)
R-squared	0.4116	0.6703	0.6332

Notes: *, *** indicate significance at 10% and 1%, respectively;

Standard errors in parentheses

Source: Authors' calculation

4.4. Discussions

A positive impact of tax planning on firm value

Regarding Vietnamese listed firms, the results indicate that the effective tax rate negatively affects Tobin's Q, or in other words, the tax planning has a positive impact on the firm value. According to this

ment, companies that benefit from tax policies will have the opportunity to improve profits and cash flow, thereby increasing company value. In other words, a harmonious combination of tax planning with financial decisions will create superior company value.

The impact of other variables on firm value

Generally, the entire sample and group 2 show that the state ownership has a positive impact on firm value. The lower the rate of state ownership is, the lower the firm value is. On the contrary, the regression outputs of group 1 reveal that the state ownership negatively affects firm value. In the case of state-controlled ownership, government participation can lead to inefficient investments, which are harmful to SOEs. Put another way, the reduction in firm value is larger when the state owns 50% of equity or more. SOEs get more benefits from tax planning than firm performance in general. This result is inconsistent with Kubo and Phan (2019) about state ownership from 2006 to 2010 positively affecting Vietnamese listed firm value. According to The State Securities Commission of Vietnam's Annual Report 2017 and 2018, the government has requested that SOEs release their shares listed on the stock exchanges as soon as possible to enhance the divestment process. As a result, the stock prices of these SOEs rise before the divestment and reduce after that.

Other control variables are consistent with previous studies. The capital intensive and the firm size positively affect firm value. Thus, Vietnamese listed firms should invest in tangible assets more and enlarge their size to get the real benefits. In addition, big-size companies have the advantage of the economic scale; these companies can save costs, thereby increasing profits and company value. Besides, the financial leverage is harmful to firm value, this finding indicated that firms use financial leverage ineffectively, so the firm value will decrease if the level of leverage increases. Our findings on the relation of the firm size and the financial leverage on firm value align with prior studies done in the context of Vietnam (Nguyen and Phan, 2017; Nguyen and Dang, 2020). More importantly, SOEs have greater financial leverage coefficients than non-SOEs', but smaller capital intensive and firm size coefficients. In other words, the capital structure of SOEs is riskier, and SOEs' asset management is not as effective as non-SOEs'.

5. Conclusions and Recommendations

Our research implies that the effect of tax planning on firm value varies according to the political context and state-controlled ownership. Combining

agency with political power issues into the analysis of corporate tax planning leads to theoretical and empirical conclusions that are substantially different from those predicted by a model where state ownership plays a moderating role in creating firm value. Vu and Le (2021) find that state ownership in Vietnamese listed firms negatively interacts with the association between tax planning and firm value. This research provides evidence of applying the SAVANT framework in Vietnam. According to our findings, all Strategies, Anticipation, Value-Adding, Negotiating, and Transforming should concentrate on financial decisions in the tax environment because the government may change its objective through adjusting tax policy. In other words, the government may trade-off equity value for tax revenue. Moreover, in the long run, the government can sell out its equity. The article is expected to provide useful information for firms' financial managers to make rational decisions in the tax environment. In addition, this paper identifies the important question relevant for judging the effectiveness of the corporate income tax policy and offers the specific evidence in formulating this policy which is suitable to the Government's aim.

In short, this paper provides an avenue for further research to point out what particular tax strategy affects firm value. Nevertheless, the research sample does not include all firms listed in Vietnam. It may be possible to identify differences in the impact of tax planning on firm value among the groups of firms with different firm ages, corporate governance or foreign ownership, etc. Accordingly, future papers can investigate these factors as moderating variables. ♦

References:

- Aichian, A., & Kessel, R. (1962). *Competition, monopoly, and the pursuit of money*. Aspects of Labor Economics, Princeton University Press, 157-183.
- Akbari, F., Salehi, M., & Bagherpour Vlashani, M. A. (2018). *The relationship between tax avoidance and firm value with income smoothing*. International Journal of Organizational Analysis, 27 (1), 125-148.

- Appolos, D. N., & Jerry, K. (2016). *Tax Planning and Firm Value: Empirical Evidence from Nigerian Consumer Goods Industrial Sector*. Research Journal of Finance and Accounting, 7 (12), 172-183.
- Baltagi, B.H. (2008). *Econometrics*. Springer-Verlag Berlin Heidelberg, Germany.
- Bryant-Kutcher, L.A., Guenther, D.A., & Jackson, M. (2012). *How do cross-country differences in corporate tax rates affect firm value?*. Journal of the American Taxation Association, 34 (2), 1-17.
- Chen, X., Hu, N., Wang, X., & Tang, X. (2014). *Tax avoidance and firm value: evidence from China*. Nankai Business Review International, 5 (1), 25-42.
- Dharwadkar, R., George, G., & Brandes, P. (2000). *Privatization in Emerging Economies- An Agency Theory Perspective*. The Academy of Management Review, 25 (3), 650-669.
- Desai, M., & Dharmapala, D. (2009). *Corporate tax avoidance and firm value*. The Review of Economics and Statistics, 91 (3), 537-547.
- Greene, W.H. (2018). *Econometric Analysis* (8th Edition). Pearson, New York.
- Gujarati, D.N. (2008). *Basic Econometrics* (5th Edition). McGraw-Hill Education, New York.
- Hair, J.F., Black, W.C., Babin, B.J., Anderson, R.E., & Tatham, R.L. (2006). *Multivariate Data Analysis*. Pearson Education Inc, New Jersey.
- Jensen, M.C., & Meckling, W.H. (1976). *Theory of the firm: managerial, agency costs and ownership structure*. The Financial of Economics, 3, 305-369.
- Jensen, M.C., & Meckling, W.H. (1978). *Can the Corporation Survive*. Financial Analysts Journal, 31 (1), 31-37.
- Ji, R., & Shan, Z. (2018). *E.E.G. experiment research on the effects of neuroscience-based managerial tax avoidance on the firm value*. NeuroQuantology, 16 (5), 537-545.
- Karayan, J.E., & Swenson, C.W. (2007). *Strategic Business Tax Planning* (2th Edition). John Wiley and Sons, Canada.
- Khaoula, F., Ayed, A., & Zemzem, A. (2015). *Tax planning and firm value: evidence from European companies*. 2nd International Conference on Economics & Strategic Management of Business Research, International Journal Economics & Strategic Management of Business Process, 4, 73-78.
- Kubo, K., & Phan, H. V. (2019). *State ownership, sovereign wealth fund and their effects on firm performance: Empirical evidence from Vietnam*. Pacific-basin Finance Journal, 58, [101220].
- Mills, L., Erickson, M.M., & Maydew, E.L. (1998). *Investments in tax planning*. Journal of the American Taxation Association, 20 (1), 1-20.
- Ministry of Finance (2014). Circular No. 200/2014/TT-BTC dated December 22, 2014 – *The Circular on guidelines for accounting policies for enterprises*.
- Neter, J., Kutner, M.H., Nachtsheim, C.J., & Wasserman, W. (1996). *Applied Linear Regression Models* (3rd edition). Irwin, Chicago.
- Nguyen, T.T.H., & Phan, G.Q. (2017). *The relationship between state ownership and tax avoidance level: empirical evidence from Vietnamese firms*. Journal of Asian Business Strategy, 7 (1), 1-12.
- Nguyen, T.T.P., & Dang, N.H. (2020). *Impact of Corporate Governance on Corporate Value: Research in Vietnam*. Research in World Economy, 11 (1), 161-170.
- Nguyen, V.K., Nguyen, T.L., Phung, A.T., & Thai, H.T.K. (2020). *Does corporate tax avoidance explain firm performance? Evidence from an emerging economy*. Cogent Business & Management, 7, [1780101].
- Olajide, D. (2017). *Tax Planning and Firms Performance in Nigeria*. International Journal of Advanced Research, 5 (5), 1950-1956.
- Salawu, R. O., Ogundipe, L. O., & Yeye, O. (2017). *Granger causality between corporate tax planning and firm value of non-financial quoted companies in Nigeria*. International Journal of Business and Social Science, 8 (9), 91-104.
- Siegfried, J.J. (1972). *The relationship between economic structure and the effect of political influence: empirical evidence from the Federal Corporation Income Tax Program*. University of Wisconsin, Madison.
- Tang, T. Y. H. (2017). *The Value Implications of Tax Avoidance Across Countries*. Journal of Accounting, Auditing & Finance, 34 (4), 615-638.
- The State Securities Commission of Vietnam (2017, 2018). *Annual Report*. Available at http://www.ssc.gov.vn/ubck/faces/vi/vilinks/vipage/slink/vilinksquery_aptc/baocaothuongnien (Accessed 15 September, 2021).

Van Horne, J., & Wachowicz Jr, J. (2008). *Fundamentals of Financial Management* (13th edition). Prentice Hall (England).

Vu, T.A.T., & Le, V.H. (2021). *The Effect of Tax Planning on Firm Value: A Case Study in Vietnam*. The Journal of Asian Finance, Economics, and Business, 8 (2), 973-979.

Wahab, N.S.A., & Holland, K. (2012). *Tax planning, corporate governance and equity value*. The British Accounting Review, 44 (2), 111-124.

Watts, R.L., & Zimmerman, J.L. (1978). *Towards a positive theory of the determination of accounting standards*. Accounting Review, 53 (1), 112-134.

Wilde, J.H., & Wilson, R.J. (2018). *Perspectives on corporate tax planning: observations from the past decade*. Journal of the American Taxation Association, 40 (2), 63-81.

Wilson, R.J. (2009). *An Examination of Corporate Tax Shelter Participants*. The Accounting Review, 84 (3), 969-999.

Wu, L., Wang, Y., Luo, W., & Gillis, P. (2012). *State ownership, tax status and size effect of effective tax rate in China*. Accounting and Business Research, 42 (2), 97-114.

Ying, T., Wright, B., & Huang, W. (2017). *Ownership structure and tax aggressiveness of Chinese listed companies*. International Journal of Accounting & Information Management, 25 (3), 313-332.

Summary

Mục tiêu của bài viết là đánh giá tác động của kế hoạch thuế đến giá trị doanh nghiệp cho trường hợp các công ty niêm yết tại Việt Nam, đặc biệt nhóm tác giả sẽ nghiên cứu sự khác biệt trong kết quả nghiên cứu về mối quan hệ này giữa công ty có và không có sở hữu kiểm soát bởi Nhà nước. Nhóm tác giả sử dụng phương pháp chọn mẫu có mục đích, xác định mẫu nghiên cứu gồm 513 công ty phi tài chính trong giai đoạn 2015-2019. Dữ liệu thứ cấp được sử dụng từ nguồn báo cáo tài chính đã kiểm toán và các tài liệu thống kê khác của các công ty. Theo phương pháp ước lượng GLS, kết quả nghiên cứu chỉ ra rằng kế hoạch thuế tác động cùng chiều đến giá trị công ty, và những công ty có sở hữu kiểm soát bởi Nhà

nước có thể tạo giá trị tăng thêm nhiều hơn trường hợp không có sở hữu kiểm soát bởi Nhà nước. Ngoài ra, sở hữu nhà nước, mức độ đầu tư vốn và quy mô công ty là những biến kiểm soát có ảnh hưởng cùng chiều đến giá trị công ty, nhưng yếu tố đòn bẩy tài chính thì không. Kết quả nghiên cứu hàm ý rằng các nhà quản lý tài chính nên áp dụng mô hình SAVANT, theo đó chú trọng xem xét các quyết định tài chính trong môi trường thuế nhằm tìm kiếm cơ hội gia tăng lợi ích thuế và gia tăng giá trị công ty.

LE HOANG VINH

1. Personal Profile:

- Name: **Le Hoang Vinh**

- Date of birth: 19th May, 1982

- Title: Ph.D.

- Workplace: University of Economics and Law, Vietnam National University, Ho Chi Minh City, Vietnam

- Position: Lecturer

2. Major research directions:

- Financial Analysis

- Financial Management

- Tax Policy Analysis

- Derivatives Finance

- Risk Management

- Behavioral Finance

3. Publications the author has published his works:

- Journal of Eastern European and Central Asian Research

- Journal of Asian Finance, Economics and Business (JAFEB)

- Journal of International Economics and Management

- The Asian Journal of Economics and Banking

- Banking Science and Training Review

- Banking Review

- Journal of Finance & Accounting Research