



The Lumbini Journal of
Business and Economics
Peer Reviewed

Assessment of Tax Planning Practices in Small and Medium Size Organizations: A Study of Baglung

Ram Raja Kandel¹

Abstract

Article Info

Received:

15 December 2024

Revised:

8 February 2025

Accepted:

13 February 2025

Purpose: This study investigates the impact of strategic tax planning, project tax planning, and action tax planning on overall tax planning. Additionally, the research explores the mediating role of knowledge and attitude in the relationship between these tax planning components and the overall tax planning effectiveness.

Methods: A causal research design was adopted to examine the cause-and-effect relationship between independent variables (strategic tax planning, project tax planning, and action tax planning) and the dependent variable (tax planning). It employed a primary data collection method through a well-structured questionnaire.

Results: The results indicate a significant impact of strategic tax planning, project tax planning, and action tax planning on the overall tax planning effectiveness in SMOs in Baglung. Furthermore, the study reveals that knowledge and attitude play a mediating role in the relationship between strategic tax planning, project tax planning, action tax planning, and the success of tax planning initiatives.

Conclusion: These findings contribute to the existing literature by providing insights into the specific tax planning practices that can enhance overall tax planning effectiveness in small and medium-sized organizations.

Keywords: Action planning, knowledge and attitude, project planning, strategic planning, and tax planning.

I. Introduction

Tax planning is a contentious issue due to its critical role for both governments and businesses. Governments rely on taxes to fund their operations, while businesses use tax planning to manage and control their cash flows. Governments aim to maximize tax revenue, whereas businesses seek to minimize their tax payments. This disparity between the tax's businesses want to pay and what governments expect creates an inherent conflict, positioning them on opposite sides (Soetan & Oyetunji, 2018).

Every government must spend substantial funds to fulfill its responsibilities to the public, which include development projects, daily administration, maintaining peace and security, and launching public welfare initiatives. Taxes, a major source of revenue, are compulsory

¹ Ram Raja Kandel is a Teaching Assistant at Dhaulagiri Multiple Campus, Baglung. He can be reached kandel.ramraja@gmail.com

levies imposed on individuals and institutions according to prevailing laws. In today's context, governments have taken on numerous roles such as economic and social transformation, security, national image enhancement, development, and resource utilization. To meet these extensive responsibilities, significant public expenditure is required, necessitating substantial public revenue. Taxes are the primary source of this revenue and act as a powerful tool to promote socio-economic transformation and national cohesion. Dalton (1971) described taxes influence growth and development by redistributing resources. Thus, taxes are the backbone of government operations, essential for funding public services, driving development, and maintaining social and economic stability.

Kreitner (1980) described planning as a method of managing uncertainty by devising future actions to achieve specific outcomes. Griffin (2005) explored organizations create various types of plans, including strategic, tactical, and operational plans. Tax planning has garnered significant attention in both the business and academic worlds, as it involves creating comprehensive tax operation schemes through careful planning of tax-related activities (Yuan & Xu, 2015). It entails arranging financial activities to maximize tax benefits by utilizing all advantageous provisions in tax laws. This allows taxpayers to take advantage of exemptions, deductions, rebates, and reliefs, thereby minimizing their tax liabilities (Mansuri & Dalvadi, 2012).

Tax planning involves a logical analysis of a financial situation or plan from a tax perspective to align financial goals with tax efficiency. Its purpose is to achieve all elements of a financial plan in the most tax-efficient way possible. By minimizing tax liability, tax planning enables the various components of a financial plan to interact more effectively. Blessy (2019) explored tax planning should not aim to defraud the revenue; even if all transactions are legally correct, they should not be structured to deceive the revenue. The goal of tax planning is to maximize cash inflow and minimize cash outflow.

Muca et al. (2014) conducted research on tax planning and the financial outcomes of small-scale enterprises in Kenya. The study aimed to assess several aspects: the impact of capital expenditure on tax planning, how tax planning via capital structure affects small enterprise performance, the influence of tax planning through advertising expenditures on performance, and the effects of tax planning through legal business forms in Embu CBD. The research involved a total population of one hundred and forty-nine respondents, from which a sample representing 30% was selected from each stratum. Variables examined included investment in capital structure, advertising expenses, and demographic factors.

Mansuri and Dalvadi (2012) conducted a study on tax awareness and tax planning among individual taxpayers. The research aimed to assess the level of awareness of tax laws among a specific group of taxpayers and to understand their practices in tax planning. The study utilized convenient sampling to select 100 individual taxpayers, ensuring representation from various categories such as university teachers, chartered accountants, accountants, employees of companies, and other professionals, with at least 20 respondents from each category. The variables examined in the study included penalty and interest charges, advance payment tax practices, knowledge of tax loopholes, understanding of tax exemptions, and residential status considerations. The research provided insights into how these variables influenced tax planning behaviors and compliance among individual taxpayers, highlighting the importance of awareness and knowledge in effective tax management strategies.

Small and medium-sized organizations (SMOs) form a critical sector of the global economy, contributing significantly to economic growth, employment generation, and innovation (World Bank, 2019). In the context of Baglung, a region marked by a diverse economic landscape, the operational success of SMOs is of paramount importance. One crucial aspect influencing the financial health of SMOs is tax planning, a strategic process that involves managing financial affairs to optimize tax liabilities within the legal framework (CCH, 2018). While extensive research has been conducted on tax planning in large corporations, there is a notable gap in the literature concerning tax planning practices specifically tailored to the

unique characteristics and challenges faced by SMOs, especially in the context of Baglung.

The need for effective tax planning in SMOs cannot be overstated. Given the limited resources and heightened competition faced by these organizations, the implementation of tax planning practices becomes pivotal for their sustainability and growth (Ortiz-Molina & Phillips, 2018). However, understanding the specific dynamics of tax planning in the context of SMOs requires a nuanced exploration of distinct components such as strategic tax planning, project tax planning, and action tax planning.

Baglung, a region characterized by its diverse economic activities ranging from agriculture to tourism, presents an intriguing backdrop for studying tax planning practices in SMOs. The local economic conditions, coupled with the unique challenges faced by businesses in Baglung, necessitate a targeted examination of the tax planning landscape. This research seeks to address this gap by conducting a comprehensive assessment of tax planning practices in SMOs in Baglung, focusing on the impact of strategic, project, and action tax planning on overall tax planning effectiveness.

The study aims to shed light on the factors influencing tax planning practices in the region, with a specific focus on the mediating roles of knowledge and attitude. By delving into these nuanced aspects, the research aspires to provide valuable insights for practitioners, policymakers, and academics, contributing to the enhancement of tax planning strategies tailored to the needs of SMOs in Baglung. The findings are anticipated to not only enrich the academic discourse on SMO tax planning but also offer practical implications for business leaders and policymakers striving to foster a conducive environment for SMO development in the region.

The objective of this study is to understand tax planning practices and organizational compliance. The specific objectives of the study are to: Analyze the impact of strategic tax planning, project tax planning, and action tax planning on tax planning. Explore the mediating role of knowledge and attitude impact between strategic tax planning, project tax planning, action tax planning and tax planning.

II. Reviews

Conceptual Perspectives

The overall review has been crafted in line with the governing conceptual framework of the study with comprises of a select pool of conceptual constructs. For this works Pallavi and Anuradha (2017), Lestari and Wicaksono (2017), Al-Maghrebi et al. (2016) have been considered as the key sources for review.

Pallavi and Anuradha (2017) emphasize that effective tax planning involves skillfully utilizing provisions and loopholes within direct tax laws to minimize tax obligations for taxpayers. A comprehensive understanding of tax principles and practices is crucial for applying these strategies effectively in practical scenarios. Tax planning can be categorized into short-term and long-term strategies based on the benefits accrued by taxpayers. Lestari and Wicaksono (2017) argue that taxpayer awareness of timely tax payments significantly influences levels of tax compliance. Similarly, Antoa et al. (2021) and Pallavi and Anuradha (2017) stress that successful tax planning hinges on thorough familiarity with the provisions of the Income Tax Act, including allowances, deductions, and perquisites available to taxpayers. According to Al-Maghrebi et al. (2016), tax compliance poses a significant challenge for taxation authorities globally, affecting revenue collection in both developed and developing countries. Consequently, experts in academic and non-academic institutions are actively engaged in initiatives to enhance taxpayer compliance. These efforts aim to bolster tax revenue figures in national budgets by raising taxpayer awareness through tax education and knowledge dissemination. Transparency in public budget management, particularly concerning tax revenue allocation and expenditure, is also emphasized.

Therefore, promoting tax planning involves educating individuals about tax obligations,

functions, and purposes. This education empowers taxpayers to make informed decisions and develop effective tax planning strategies. Ultimately, enhancing taxpayer awareness and compliance contributes to more efficient tax administration and greater fiscal sustainability at national levels.

Related Policy Documents

This presents with the depth review of related policies governing tax planning with specific focus on tax practice of taxpayer. The major emphasis has been placed on reviewing the underlying policy documents of outcomes of tax planning with focus on taxpayer awareness. The overall review has been taken with governing conceptual framework of the study. For this, the inputs were gathered from publications of Government of Nepal.

Current discussions on policy reform in developing countries primarily focus on enhancing social service delivery, designing market-friendly economic institutions, improving the effectiveness of poverty reduction programs, and the implications of trade and market liberalization. However, there is limited explicit discourse on tax reform and the imperative to establish modern income tax systems in these nations (Piketty & Quin, 2010). The Constituent Assembly Secretariat (2015) provision that taxes are strictly regulated and can only be imposed and collected in adherence to established laws. The Government of Nepal (2002) specifies that taxes are to be levied annually on individuals and collected according to the provisions outlined in the legislation.

The Income Tax Act, 2058 incorporates several key features, including the consolidation of all tax-related matters for streamlined administration, a broad tax base to ensure inclusivity, provisions for deduction of relevant expenses, encouragement for pollution control and research and development initiatives, a block-based depreciation system, flexibility through set-off and carry forward of losses, diverse methods of tax accounting, clear criteria for residential status determination, measures to minimize tax evasion, incentives through medical tax credits, a self-assessment mechanism, taxation of capital gains, provisions for fines and penalties, and the establishment of an appeal system for fair and accountable tax administration. These features collectively contribute to the Act's effectiveness in promoting fairness, transparency, and compliance in the taxation framework.

Hypothesis

Aforementioned literature shows that strategic planning, project planning and action planning impact on tax planning and knowledge and attitude plays the mediating role on tax planning. Based on this literature following hypothesis were formulated

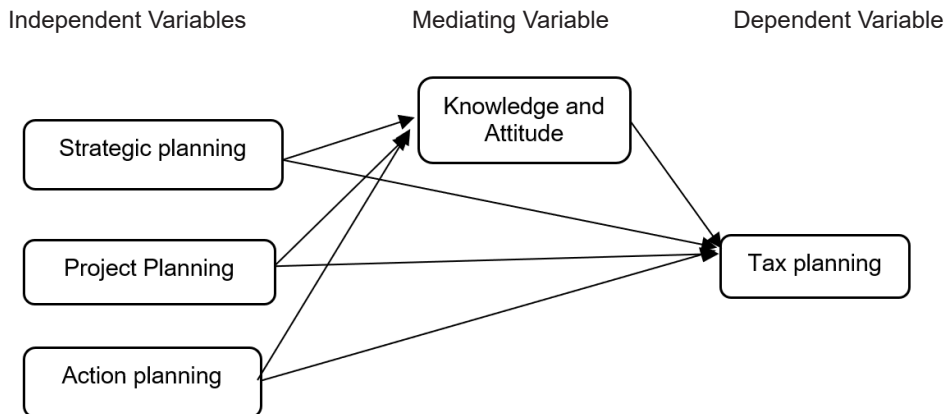
- H1: There is a significant impact of strategic planning on tax planning.
- H2: There is a significant impact of project planning on tax planning.
- H3: There is a significant impact of action planning on tax planning.
- H4: There is a significant impact of strategic planning on knowledge and attitude.
- H5: There is a significant impact of project planning on knowledge and attitude.
- H6: There is a significant impact of action planning on knowledge and attitude.
- H7: There is a significant impact of knowledge and attitude on tax planning.
- H8: Knowledge and attitude mediate the relationship between strategic planning and tax planning.
- H9: Knowledge and attitude mediate the relationship between project planning and tax planning.
- H10: Knowledge and attitude mediate the relationship between action planning and tax planning.

Conceptual Framework of the Study

Based on a comprehensive review of literature, the researcher has developed a conceptual framework to guide the study in a structured and objective manner, incorporating theoretical and conceptual insights gathered from various sources.

Figure 1

Conceptual Framework



As presented in figure 1, the overall construct of the present research has been crafted by a set of three independent variable that included 1 Strategic planning includes mode of capital, nature of business, residential status, place of business, utilization of resources 2 Project Planning includes productive investment, tax saving schemes, tax compliance, wealth maximization, income of entrepreneur 3 Action planning includes exemption and concession, tax rate, fine and penalties, tax collection, awareness as tax planning. One mediating variable is knowledge and attitude and dependent variable is tax planning.

III. Methodology

In the context of this study, a causal-comparative research design was employed to investigate the impact of strategic tax planning, project tax planning, and action tax planning on tax planning in small and medium-sized organizations in Baglung. The casual-comparative research design examined the cause-and-effect relationship between the planning types and tax planning.

The study's population consists of small and medium sized organization's entrepreneurs of Baglung District. Due to limited time, unknown nature and unavailability of information regarding the population under investigation, the current researcher opted for a non-probability sampling approach to survey the unidentified population of entrepreneurs in the selected sectors of interest. Taxpayers of Baglung, who have taxable liabilities according to prevailing act were selected as respondents. Telephone or cell phone numbers of each listed taxpayers were identified as the primary means of establishing contacts with them. It is part of convenience sampling and judgmental sampling, as suggested by Naderifar et al. (2017) including "review," "declaration," "snowball," and "chain referral," as well as Persian keywords that are equivalents of the following: "purposeful sampling," "snowball," "qualitative research," and "descriptive review." The databases included Google Scholar, Scopus, Irandoc, ProQuest, Science Direct, SID, MagIran, Medline, and Cochrane. The search was limited to Persian and English articles written between 2005 and 2013. In results: The preliminary

search yielded 433 articles from PubMed, 88 articles from Scopus, 1 article from SID, and 18 articles from MagIran. Among 125 articles, methodological and non-research articles were omitted. Finally, 11 relevant articles, which met the criteria, were selected for review. \nConclusions: Different methods of snowball sampling can be applied to facilitate scientific research, provide community-based data, and hold health educational programs. Snowball sampling can be effectively used to analyze vulnerable groups or individuals under special care. In fact, it allows researchers to access susceptible populations. Thus, it is suggested to consider snowball sampling strategies while working with the attendees of educational programs or samples of research studies.

The current research aimed to survey 450 participants, determined with a 95% confidence level and a 5% margin of error. The sample size calculation followed the formula commonly cited from Cochran (1963, as referenced in Israel, 1992), is 384. With a 5 percent margin of error, the adjusted sample size $384.16 + 15\% \text{ of } 384.16 = 384 + 19.2 = 442$

Consequently, the researcher utilized this methodology to arrive at a total of approximately 442 respondents for the present study. The researcher has taken 450 respondents as a sample for the study. It's crucial to recognize that smaller sample sizes raise the chances of Type II errors, where the null hypothesis is mistakenly accepted despite it being false (Rijal, 2022). Therefore, with a total sample size of 450 from the population in this survey, the conclusions drawn from the sample can be generalized to the targeted population.

In this study, a printed questionnaire format was utilized for data collection. A survey, defined by Scheuren (2004, cited in Akala, 2012), is a research method that gathers data through standardized questionnaires or interviews from selected samples. The researcher employed standardized questionnaires to achieve this goal.

Data Modeling Techniques

In this study, the researcher utilized IBM SPSS and Excel for coding, editing, transcribing, refining, presenting, and analyzing data.

Chi-Square Test

A chi-squared test is a statistical method used to analyze categorical data by comparing observed and expected frequencies. It was introduced by Karl Pearson in 1900 and is often referred to as Pearson's chi-squared test. This test evaluates whether the observed data could reasonably have occurred under the assumption of a null hypothesis.

Chi-Square Distribution

When assuming the null hypothesis is true, the test statistic follows a chi-squared distribution, which is essential in chi-squared tests to determine significant differences between expected and observed frequencies across categories or classes. This statistical tool assesses the independence of variables based on probability.

Reliability Test

For this study, internal consistency reliability was specifically evaluated using Cronbach's alpha, a widely accepted statistic for estimating how well items on a questionnaire correlate with one another. Cronbach's alpha assesses the extent to which the items within a scale or questionnaire measure the same construct consistently.

Validity Test

The research measures validity precisely what the research is intended to measure through research. The purpose of validity is to measure what it is supposed to measure (Nunnally & Bernstein, 1994). Validation of instruments is an integral part of research in validity tests. Various validation tools have been used in the research. This research uses construct validity and convergent validity. Validity refers to the degree to which a concept, conclusion, or

measurement is sound and accurately reflects the real-world phenomenon it is intended to assess.

Validity is beneficial as it guides the selection of appropriate tests, ensures the ethical and cost-effective use of methods, and ensures accurate measurement of the concept.

Tools of Data Analysis

The main objective of data analysis in this study is to investigate how government and non-government organizations influence entrepreneurship development in Baglung. Additionally, the study explores causal relationships between variables.

Correlation Analysis

This study utilizes a correlational research design to examine the relationships between pairs of variables, focusing on both the direction and strength of these relationships. Correlation analysis serves as the statistical method to assess how variables co-vary and to what extent they are associated. It employs the Pearson correlation coefficient, which ranges from -1 to +1, to quantify these associations. A correlation coefficient of -1 indicates a perfect negative relationship, where variables move in exact opposite directions. Conversely, a coefficient of +1 signifies a perfect positive relationship, indicating variables move together in the same direction.

Regression Analysis

Linear regression analysis is a reliable statistical method that assesses the strength and direction of relationships between variables. It operates under the assumption of a linear or "straight line" relationship, implying a direct, proportional connection between the dependent variable and each predictor.

Model Specification

For this study, Model specification equation is

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e_i$$

Where,

Y= Tax Planning,

X₁= Strategic Planning.

X₂= Project Planning,

X₃= Action Planning,

X₄= Knowledge and Attitude

a= Constant,

b₁= Coefficient of Strategic Planning,

b₂= Coefficient of Project Planning, b₃= Coefficient of Action Planning,

b₄= Coefficient of Knowledge and attitude Planning

e_i= Error term

IV. Result and Discussion

Correlation Analysis

The table below displays the correlations between the dependent variable and independent variables. On the table, X₁=STP = strategic planning, X₂= PP= project planning, X₃= AP= action planning, X₄=KA=knowledge and attitude, here, Y= Tax planning which is a dependent variable.

Table 1*Correlation Analysis of total Respondents*

Constructs	STP	PP	AP	KA	TP
Strategic Planning (STP)	1				
Project Planning (PP)	.293**	1			
Action Planning (AP)	.245**	.559**	1		
Knowledge and Attitude (KA)	.371**	.347**	.352**	1	
Tax Planning (TP)	.217**	.360**	.394**	.225**	1

Note. SPSS 21

Based on the correlation analysis of the variables shown in Table 1, it is noted that none of the pairs of independent variables exhibits Pearson correlation coefficients exceeding ± 0.7 , indicating no significant issue with multicollinearity. Therefore, conducting a collinearity diagnosis for each independent variable was deemed unnecessary.

From the table 1, the correlation coefficient between strategic tax planning and tax planning is 0.217. Similarly, the corresponding p-value is 0.000, which is less than the level of significance (α) = 0.05. This means that strategic tax planning has positive and significant relationship with tax planning ($r = 0.217$, $p = 0.000 < 0.01$). This can be further interpreted as an increase in strategic tax planning which would improve the tax planning as a whole.

Similarly, the correlation coefficient between project planning and tax planning is 0.360, for which the corresponding p-value is 0.000. This value is less than the level of significance (α) i.e. 0.05. Therefore, project planning has positive & significant relationship with tax planning ($r = 0.360$, $p = 0.000 < 0.01$).

Likewise, the third variable is Action Planning, where the correlation coefficient between Action Planning and Tax planning is 0.394. On that note, the corresponding p-value is 0.000, which is less than the level of significance (α) of 0.05. This shows that action planning has a positive as well significant relationship with tax planning ($r = 0.394$, $p = 0.000 < 0.01$). This can be further interpreted as an increase in action planning would improve the tax planning.

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

KMO and Bartlett's Test**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

Note. Output of SPSS 21

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

Validity and Reliability Analysis**Table 3***Validity and Reliability Analysis*

Construct	CR	AVE	MSV	MaxR(H)	PTP	ATP	STP	TP	KA
PTP	0.97	0.868	0.124	0.98	0.931				
ATP	0.973	0.901	0.206	0.979	0.346	0.949			
STP	0.953	0.836	0.206	0.972	0.353	0.454	0.915		
TP	0.919	0.741	0.092	0.942	0.131	0.092	0.304	0.861	
KA	0.825	0.55	0.127	0.882	0.238	0.348	0.357	0.147	0.741

Note. Output of AMOS 22

Table 3 shows validity and reliability by using average variance explained (AVE), composite reliability (CR), maximum shared variance (MSV), and average shared variance (ASV). Convergent validity is established with AVE values exceeding 0.5 and CR values surpassing 0.7. Additionally, MSV values are higher than ASV values. However, there are concerns regarding discriminant validity as indicated by the square root of AVE for each construct, which are higher than the correlation coefficients between constructs shown in the off-diagonal elements of Table 3. This suggests potential overlap between constructs, warranting further examination to ensure distinctiveness among variables.

Test of Hypothesis

This is focused on testing hypotheses developed for the study. Hypothesis testing is a methodical process used to determine whether the results of a research study support a specific theory that applies to a population. It involves analyzing sample data to assess a hypothesis concerning the broader population.

On that note, researchers have used regression analysis to calculate P-values in hypotheses testing using SPSS AMOS 22. Each hypothesis undergoes individual testing and analysis using a dedicated statistical analysis system. For the purpose of identifying a relationship between dependent and independent variables in this study, three alternative hypotheses are considered. The Coefficients Table, obtained from regression analysis, is used to examine each hypothesis.

The acceptance or rejection of a hypothesis depends on the statistical test results, which falls into the acceptance or rejection region. If the significance level is kept at 5%, and the p-value exceeds 0.05, the null hypothesis will be accepted. It signifies that there is no relationship or no effect, or no difference accordingly to the hypothesis formulated and the alternative hypothesis is valid. Based on correlation and multiple regression analysis, the significance values of each independent variables are presented in the table below.

Table 4

Hypothesis Testing

	Path		Estimate	P	Hypothesis	Remarks
STP	→	TP	0.239	***	H1	Accepted
PTP	→	TP	0.187	***	H2	Accepted
ATP	→	TP	0.134	0.017	H3	Accepted
STP	→	KA	0.239	***	H4	Accepted
PTP	→	KA	0.146	0.026	H5	Accepted
ATP	→	KA	0.451	***	H6	Accepted
KA	→	TP	0.15	***	H7	Accepted

	Path	Estimate	LL	UL	Remarks
STP → KA → TP (H8)		0.039	0.018	0.072	Accepted
PTP → KA → TP (H9)		0.021	0.020	0.052	Accepted
ATP → KA → TP (H10)		0.060	0.028	0.114	Accepted

Note. Output of AMOS 22

Discussions

The discussion of the study focuses on the research questions stated in chapter one of this study.

Hypothesis 1 of this study states that there is a significant impact of strategic planning on tax planning. The result is supported, which is consistent with past studies (Again et al., 2023; Hanlon & Heitzman, 2010; Desai, & Dharmapala, 2009; Dyreng et al., 2008). The findings of the study indicate that the strategic planning is a predictor of tax planning and has an impact on tax planning.

Hypothesis 2 of this study states that there is a significant impact of project planning on tax planning. The result is supported, which is consistent with past studies (Farida & Sugesti, 2023; Graham et al., 2012; Desai, & Dharmapala, 2009). The findings of the study indicate

that the project planning is a predictor of tax planning and has an impact on tax planning.

Hypothesis 3 of this study exhibits that there is a significant impact of action planning on tax planning. The result is supported, which is consistent with past studies (Jelanti, 2023; Hanlon, & Heitzman, 2010; Desai & Dharmapala, 2009; Dyreng et al., 2008). The findings of the study indicate that the action planning is a predictor of tax planning and has an impact on tax planning.

Hypothesis 4 of this study depicts that there is a significant impact of strategic planning on knowledge and attitude. The result is supported, which is consistent with past studies (Wright, & Goodstein, 2007; Grant, 2003). The study's results suggest that strategic planning serves as a predictor of knowledge and attitude, exerting a significant impact on these factors.

Hypothesis 5 of this study shows that there is a significant impact of project planning on knowledge and attitude. The result is supported, which is consistent with past studies (Kerzner, 2017; Cleland & Ireland, 2006). The study's findings suggest that project planning plays a role as a predictor of knowledge and attitude, influencing these variables significantly.

Hypothesis 6 of this study indicates that there is a significant impact of action planning on knowledge and attitude. The result is supported, which is consistent with past studies (Bryson, 2011; Pearce & Robinson, 1994). The study's results demonstrate that action planning serves as a predictor of knowledge and attitude, exerting a significant impact on these aspects.

Hypothesis 7 of this study shows that there is a significant impact of knowledge and attitude on tax planning. The result is supported, which is consistent with past studies (Kerzner, 2017; Wright & Goodstein, 2007). The findings of the study indicate that the knowledge and attitude is a predictor of tax planning and has an impact on tax planning.

Hypothesis 8 of this study depicts that there is a mediating role of knowledge and attitude on strategic planning and tax planning. The result is supported, which is consistent with past studies (Tran-Nam & Evans, 2005; Hasseldine & Hite, 2003). Therefore, there is a significant mediating role of knowledge and attitude on strategic planning and tax planning of small and medium size organizations in Baglung.

Hypothesis 9 of this study shows that there is a mediating role of knowledge and attitude on project planning and tax planning. The result is supported, which is consistent with past studies (Ponnu & Wee, 2009; Hasseldine & Hite, 2003). Therefore, there is a significant mediating role of knowledge and attitude on project planning and tax planning of small and medium size organizations in Baglung.

Hypothesis 10 of this study stated that there is a mediating role of knowledge and attitude on action planning and tax planning. The result is supported, which is consistent with past studies (Ponnu & Wee, 2009; Hasseldine & Hite, 2003). Therefore, there is a significant mediating role of knowledge and attitude on action planning and tax planning of small and medium size organizations in Baglung.

V. Conclusion and Implication

In conclusion, the examination of tax planning practices within small and medium-sized organizations in Baglung, Nepal, has yielded insightful findings that the specific tax planning practices can enhance overall tax planning effectiveness. The study demonstrated a substantial influence of strategic tax planning, project tax planning, and action tax planning on overall tax planning endeavors of these organizations. The results underscore the importance of carefully strategizing, planning projects, and taking timely actions in managing tax liabilities effectively.

Furthermore, the study delved into the nuanced dynamics by exploring the mediating role of knowledge and attitude. It was revealed that knowledge and attitude play pivotal roles in shaping the relationship between strategic tax planning, project tax planning, action tax planning, and the overarching tax planning practices. This highlights the significance of not

only implementing strategic tax measures but also fostering a conducive environment that encourages informed decision-making and positive attitudes toward tax planning initiatives.

These findings offer valuable insights for practitioners, policymakers, and researchers alike, emphasizing the multifaceted nature of tax planning within the specific context of small and medium-sized organizations in Baglung. As organizations navigate the complex landscape of taxation, understanding the interconnectedness of strategic planning, project initiatives, and timely actions, coupled with the influence of knowledge and attitude, becomes imperative for achieving sustainable and effective tax management.

This study promotes tax planning awareness which encourage small and medium-sized organizations to prioritize strategic tax planning through resources and training for decision-makers. Integrate project and strategic tax planning which align project-specific tax measures with broader tax goals for a cohesive and effective approach. Respond proactively to tax changes that emphasizes timely adaptation to tax regulations, focusing on relevant incentives, credits, and deductions. Build a tax-aware culture which foster a culture that values tax knowledge and positive attitudes toward tax planning through continuous education. Regularly assess stakeholder knowledge that conduct assessments of stakeholders' tax knowledge and attitudes to guide educational programs and reinforce positive tax practices. Encourage cross-department collaboration which promotes a holistic tax strategy through cross-functional training that aligns tax planning with other organizational functions.

References

- Akala, H. S. (2012). Factors influencing employee retention among the non-teaching staff at the university of Nairobi, Kenya. *University of Nairobi*.
- Al-Maghrebi, M. S., Ahmad, R., & Palil, M. R. (2016). Budget transparency and tax awareness towards tax compliance: A conceptual approach. *South East Asia Journal of Contemporary Business, Economics and Law*, 10(1), 95-101.
- Antoa, L. O., Husina, Hamid, W., & Bulana, N. L. (2021). Taxpayer awareness, tax knowledge, tax sanctions, public service account ability and taxpayer compliance. *Accounting*, 7, 49-58. doi: 10.5267/j.ac.2020.10.015
- Cleland, D. I., & Ireland, L. R. (2006). *Project management: Strategic design and implementation*. McGraw-Hill.
- Cochran, W. G. (1963). *Sampling Techniques*, 2nd Ed., New York: John Wiley and Sons, Inc.
- Constituent Assembly Secretarial. (2015). Constitution of Nepal. Kathmandu: Constituent Assembly Secretarial.
- Dalton, H. (1971). *Principle of public finance*. New Delhi: Allied Publishers Pvt. Ltd.
- Desai, M. A., & Dharmapala, D. (2009). Corporate tax avoidance and high-powered incentives. *Journal of Financial Economics*, 93(2), 266-294.
- Dyreg, S. D., Hanlon, M., & Maydew, E. L. (2008). Long-run corporate tax avoidance. *The Accounting Review*, 83(1), 61-82.
- Farida, A. L., & Sugesti, P. F. . (2023). Determinant of earnings management: financial distress, tax planning, audit quality, and public accountant firm size. *JASf: Journal of Accounting and Strategic Finance*. <https://doi.org/10.33005/jasf.v6i1.386>
- Gabrielli, A. and Greco, G. (2023). Tax planning and financial default: role of corporate life cycle. *Management Decision*, 61(13). <https://doi.org/10.1108/MD-07-2022-0928>
- Graham, J. R. (2018). Taxes, leverage, and the cost of equity capital. *Journal of Finance*, 73(1), 337-378.

- Graham, J. R., Raedy, J. S., & Shackelford, D. A. (2012). Research in accounting for income taxes. *Journal of Accounting and Economics*, 53(1-2), 412-434.
- Grant, A. M. (2003). The impact of life coaching on goal attainment, metacognition and mental health. *Social Behavior and Personality: An International Journal*, 31(3), 253–264. <https://doi.org/10.2224/sbp.2003.31.3.253>
- Government of Nepal. (2002). *Income Tax Act*. Kathmandu: Government of Nepal.
- Griffin, R. W. (2005). *Management*. New Delhi: Biztantra.
- Hanlon, M., & Heitzman, S. (2010). A review of tax research. *Journal of Accounting and Economics*, 50(2-3), 127-178..
- Hasseldine, J., & Hite, P. (2003). Framing, gender and tax compliance. *Journal of Economic Psychology*, 24(4), 517-533.
- Hasseldine, J., Salama, A., & Toms, J. S. (2018). Corporate tax planning and firm value: Estimates from a UK listed firms' panel. *Journal of Corporate Finance*, 48, 161-178.
- Israel, G. D. (1992). Sampling the evidence of extension program impact. program evaluation and organizational development, IFAS, University of Florida, PEOD-5.
- Jelanti, D. (2023). The effect of deferred tax expense, managerial ownership, and tax planning on profit management. *Journal of Economics and Business Letters*, 3(2). <https://doi.org/10.55942/jeb1.v3i2.200>
- Kerzner, H. (2017). *Project management: A systems approach to planning, scheduling, and controlling*. John Wiley & Sons.
- Kreitner, R. (1980). *Management: A Problem Solving Process*. Boston: Houghtin Mifflin.
- Lestari, T., & Wicaksono, M. (2017). Effect of awareness, knowledge and attitude of taxpayers tax compliance for taxpayers in tax service office Boyolali. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 1(1), 12-25.
- Mansuri, S., & Dalvadi, Y. (2012). Tax awareness and tax planning among individual assessee: a study. *Radix International Journal of Banking, Finance and Accounting*, i(xi), 1-13.
- Muca, G. P., Kinya, G. S., Noor, A. I., & James, E. R. (2014). Tax planning and financial performance of small scale enterprises in Kenya. *International Review of Management and Business Research*, 3(2), 1236–1243.
- Naderifar, M., Goli, H., & Ghaljaie, F. (2017). Snowball sampling: a purposeful method of sampling in qualitative research. *Strides in Development of Medical Education*, 14(3). <https://doi.org/10.5812/sdme.67670>
- Nunnally, J.C. & Bernstein, I.H. (1994) The assessment of reliability. *Psychometric Theory*, 3, 248-292.
- Ortiz-Molina, H., & Phillips, G. (2018). The Effects of Financial Statement Information on Debt Maturity Choices (No. w25003). *National Bureau of Economic Research*, 12-28.
- Pallavi, V., & Anuradha, P. (2017). Tax planning and investment pattern of academicians: A study of educational institutions in Bengaluru. *Journal of Indian Taxation*, 4(2), 112-126. doi:10.17492
- Pearce, J. A., & Robinson, R. B. (1994). *Strategic management: Formulation, implementation, and control*. Irwin.
- Piketty, T., & Quin, N. (2010). Income inequality and progressive income taxation in China and India. *Top Incomes A Global Perspective*, 40-75.

- Rijal, D. (2022). Students' perception on the effectiveness of online classes during pandemic. The EFFORTS. *Journal of Education and Research*, 4(1), 81–101. <https://doi.org/10.3126/ejer.v4i1.44173>
- Scheuren, F. (2004). What Is a Survey? Retrieved from [http://www.amstat.org/ sections/srms/pamphlet.pdf](http://www.amstat.org/sections/srms/pamphlet.pdf).
- Soetan, T. A., & T.Oyetunji, O. (2018). Tax planning for organization survival: How relevant is accounting theory. *International Journal of Innovative Science and Research Technology*, III(8), 205-211.
- Tran-Nam, B. & Evans, C. C. (2013). Towards the development of a tax system complexity index. UNSW Australian School of Business Research.
- Wright, T.A. & Goodstein, J. (2007). Character is not “dead” in management research: A review of individual character and organizational-level virtue. *Journal of Management Official Journal of the Southern Management Association*, 33, 928-958.
- World Bank. (2019). *World Development Report 2019: The changing nature of work*. World Bank Group.
- Yuan, M., & Xu, X. (2015). Reviews of tax planning. *Open Journal of Social Sciences*, 3, 134-137. Retrieved from <http://www.scirp.org/journal/jss>