

ผลกระทบของการวางแผนภาษีเพื่อการส่งเสริมการขายที่มีต่อประสิทธิภาพ การปฏิบัติงานด้านภาษีอากรของผู้ประกอบการภาษีมูลค่าเพิ่ม

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บทคัดย่อ

งานวิจัยนี้มีวัตถุประสงค์เพื่อศึกษาปัญหาภาษีอากรในการดำเนินธุรกิจและผลกระทบของการวางแผนภาษีเพื่อการส่งเสริมการขายที่มีต่อประสิทธิภาพ การปฏิบัติงานภาษีอากรของผู้ประกอบการ จดทะเบียนภาษีมูลค่าเพิ่ม โดยใช้แบบสอบถามเป็นเครื่องมือในการเก็บรวบรวมข้อมูลจากผู้บริหารฝ่ายบัญชีของผู้ประกอบการจดทะเบียนภาษีมูลค่าเพิ่มในประเทศไทย จำนวน 272 คน สถิติที่ใช้ในการวิเคราะห์ข้อมูล ได้แก่ ความถี่ ค่าเฉลี่ย ค่าเบี่ยงเบนมาตรฐาน ร้อยละ การวิเคราะห์สหสัมพันธ์แบบพหุคูณ และการวิเคราะห์การถดถอยแบบพหุคูณ ผลการวิจัยพบว่า 1) ปัญหาภาษีอากรในการดำเนินธุรกิจที่พบมากที่สุด คือ ภาษีเงินได้หัก ณ ที่จ่ายที่หักไว้ไม่ถูกต้อง รองลงมาคือ ภาษีเงินได้นิติบุคคลที่ไม่สามารถใช้สิทธิประโยชน์ได้อย่างคุ้มค่า อันดับสุดท้ายคือ ภาษีมูลค่าเพิ่มที่ได้รับใบกำกับภาษีที่มีการจัดทำไม่ถูกต้อง 2) การวางแผนภาษีเพื่อการส่งเสริมการขายมีผลกระทบเชิงบวกต่อประสิทธิภาพการปฏิบัติงานภาษีอากรอย่างมีนัยสำคัญทางสถิติ ดังนั้นเพื่อให้กิจการมีการปฏิบัติงานด้านภาษีอากรได้อย่างมีประสิทธิภาพ ผู้ประกอบการจดทะเบียนภาษีมูลค่าเพิ่มควรตระหนักถึงความสำคัญของภาษีและการวางแผนภาษีที่เกี่ยวข้องกับวิธีการส่งเสริมการขายแต่ละประเภท และควรมีการปฏิบัติงาน การจัดทำเอกสารหลักฐานที่เกี่ยวข้องทางภาษีอย่างถูกต้องและครบถ้วนตามกฎหมาย เพื่อเป็นการบรรเทาภาระภาษีที่จะเกิดขึ้นและใช้สิทธิประโยชน์ทางภาษีสูงสุด

คำสำคัญ : การปฏิบัติงานด้านภาษีอากร, การวางแผนภาษี, การส่งเสริมการขาย

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Effects of Tax Planning for Sales Promotion on Tax Performance Efficiency of VAT Registrants

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Abstract

The main purposes of this research are to investigate tax problems in operating businesses and test the effect of tax planning for sales promotion on tax performance efficiency of VAT registrant. Data were obtained from 272 accounting managers of VAT registered firms in Thailand by using questionnaires. The statistics used for analyzing data were frequency, percentage, mean, and standard deviation. While multiple correlation analysis and multiple regression analysis were used to test the hypothesis. The results show that 1) most tax problems encountered by businesses are regarding withholding tax (inaccurate amounts withheld); next is corporate income tax (unused tax-benefits); and last is value-added tax (received incorrect tax invoices). 2) Tax planning for sales promotion has a significant effect on tax performance efficiency. As a result, to achieve tax performance efficiency VAT registrants should aware of the important of taxation and tax planning for different kinds of sales promotions. They should also prepare relevant tax documents correctly and completely according to tax law in order to minimize tax burden and maximize tax benefits.

Keywords : Sales Promotion, Tax Performance, Tax Planning

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Introduction

All businesses have the goal of maximizing profit by increasing revenue and decreasing costs. Sales promotion is a tool to stimulate the revenue and create value and brand loyalty. Sales promotion is normally used in all kind of business as it is usually has a direct relationship with revenue. When revenue increases, it will increase relevant tax burden such as corporate income tax and value-added tax (VAT).

Taxes are cost of business operations, all businesses need to lower this cost by using tax-planning strategy. Businesses may use tax-planning strategy by effectively using tax benefits offered by the government. One way for the government to support businesses is to lower the sales promotion tax burden. Therefore, not only the businesses can use promotions to increase sales, means more revenue, but they also get the opportunity to manage their sales promotion taxation offered by the government. Both, the increase in revenue and reduction of tax costs will generate more profit for the company. In order to gain more profit using sales promotion tax planning, management needs to have knowledge about tax documents, tax regulations, and processes relating to sales promotion's tax planning. Without the necessary knowledge about sales promotion tax, the business may face with paying more tax or tax penalty such as fines or surcharges, and hurt the company's profit.

There are many kinds of sales promotions. However, most sales promotion strategies used in modern trade are premiums, discounts,

coupons, refunds and rebates, free samples, and bonus packs (Khan et al., 2019; Shamout, 2016; Wattanasin, 2011). Different methods of sales promotions require different tax treatments. Different tax treatments result in different tax burdens and different effects on corporate income tax, withholding tax, and value-added tax (VAT). For example, buy 1 get 1 promotion, in the revenue code the business must treat the transaction as selling two units of the product, which means paying VAT for both units, and leads to more tax burden. However, there is no tax consequence for a premium when delivery products at the same time and the value of the premium must be lower than another one. Furthermore, cost of premium is an expense in corporate income tax calculation and there is no withholding tax involve (The Revenue Department, 1992).

Therefore, the company that has knowledge and able to plan sales promotion's taxation will prepare correct tax documents, correct tax payment which eventually decrease tax costs and no tax penalty (Jaensirisak & Tassawa, 2017), so-called "tax performance efficiency". Tax performance efficiency consist of 1) accurate and thorough compliance with tax regulations, 2) maximizing tax benefits, 3) minimizing costs, and 4) prevention of contingent liabilities (Monsuwan, 2012; Rojcareesatian, 2018).

After thoroughly reviewing the related literature, the researchers found that most of the research studies focused on the big picture of business tax planning strategy which impacts firm performance and financial performance

(Akintoye et al., 2020; Ebubechukwu & Obada, 2021; Raisangaun et al., 2014). However, there is a lack of research about promotion tax planning as a tax-planning strategy. The researchers found only two research studies pertaining to sales promotion and tax planning (Nutepsu, 2013; Suwannakit, 2017). Nutepsu (2013) only focused on corporate income tax planning for sales promotion. And Suwannakit (2017) used only 1 company as a case study in tax problem for sales promotion. Therefore, this research study focuses on tax planning for sales promotions and tax performance efficiency.

This research paper focuses on VAT registrants since it is required by law in Thailand that a person or company that has at least 1.8 million baht will have to register for VAT with The Revenue Department. The government has a very severe punitive policy for businesses that do not follow the tax law. There are cases of severe punishment such as when a business has avoided (or tried to avoid) paying tax. A prison sentence of three months to seven years and fines from 2,000 to 200,000 baht have been levied. Further, businesses that issued a partial or whole counterfeit tax invoice are fined double of the amount in the tax invoice (Rojcureesatian, 2018). The lack of VAT planning for sales promotions may lead to civil and criminal penalties which lead to adding more costs to the business and hurt the reputation of the business.

Consequently, the researchers' primary purpose is to study about the effects of tax planning for sales promotions on the tax performance efficiency of VAT registrants. There are two

objectives: Firstly, to study about tax problems in operating businesses of VAT registrants. Secondly, to test whether the tax planning for sales promotions has an effect on the tax performance efficiency of VAT registrants. The researchers have collected data from accounting managers of VAT registrants.

This research found that the tax problems encountered by VAT registrants are withholding tax, corporate income tax, and VAT, respectively. In addition, tax planning for sales promotion had positively effect on tax performance efficiency. The findings from this research help businesses to aware of the important of tax planning for sales promotions. In addition, it can help companies to achieve the efficiency of tax performance by appropriately prepare accurate and complete documents under relevant tax law to minimize tax burden and maximize tax benefits. On one hand, the company will be able to prepare the correct tax payments; while on the other hand, the company will receive the highest tax benefits from tax planning onward in the future.

Literature Review

There are three ways for business to decrease its tax burden which are tax evasion, tax avoidance, and tax planning. Each of them has different process to achieve the objective as follows:

1. Tax evasion is a violation of law. This means the tax payer has intention to break the tax law to escape the tax payments. For example, the tax payer provided wrongful information to the tax authority, counterfeit tax documents, etc. (Sandmo, 2005).

2. Tax avoidance is a method within the legal framework. The tax payer engaged in exploiting loopholes in or manipulation of the tax law, in order to reduce tax payments (Sandmo, 2005). Tax avoidance activities are considered as unethical and irresponsibility of tax payer and it also damages the country (Soponvasu, 2008). In accordance with the result found in Mahawong and Pajongwong (2019), listed companies in the SET 100 index engage in corporate tax avoidance and also suggested that listed companies should comply with tax regulations.

3. Tax Planning is the way of using a financial method to minimize tax payments. Tax planning strategy can be used to decrease taxable income without impacting accounting income (Gautam, 2013; Hoffman, 1961). Prior studies indicated that tax planning is to gain the advantage of tax benefits such as decreasing

tax burdens, and the elimination of fines and tax-related penalties, while accurately and completely preparing tax documents as a good citizen. (Amadasun & Igbinosa, 2011; The Securities and Exchange Commission [SEC], 2013; Vasanthi, 2015)

The comparison among tax evasion, tax avoidance, and tax planning

Tax planning is different from tax evasion in that tax evasion is an illegal activity resulting in a minimal tax payment. Tax planning also differentiates from tax avoidance in that tax avoidance is a way to use legal loopholes to avoid the tax payment (Amadasun & Igbinosa, 2011; Dewi & Sari, 2015; Rohyati & Suropto, 2021).

The summary of the similarity and differences among tax evasion, tax avoidance, and tax planning are illustrated below.

Table 1 the similarity and differences among tax evasion, tax avoidance, and tax planning

	Tax evasion	Tax avoidance	Tax planning
Overall objective	Minimized tax payment	Minimized tax payment	Lower the tax cost
Primary objective	Minimized tax payment	Minimized tax payment	Accuracy and completion of tax payment
Methods	Violation of law	- within the legal framework - exploiting loopholes in or manipulation of the tax law	- within the legal framework - Maximized tax benefits

Source : The author

According to Table 1 Businesses should use tax planning as a method of minimizing tax burden since it is legally and ethically

way of doing business. Therefore, the paper is focused on tax planning.

Sales promotion strategy and tax planning concepts

Sales promotion is one of several marketing activities in addition to advertising, direct marketing, selling by sales staff, and public relations that happen from time to time to stimulate consumers to try the product and eventually purchase the product. The main purpose of sales promotion is to efficiently and effectively have the consumers purchase more products and services, resulting in more sales and profit for the company (Alex et al., 2020; Charoensuk, 2014). Three types of taxation that are associated with each sales promotion activity are value-added tax (VAT), corporate income tax, and withholding tax. Each activity may encounter a different tax burden. Therefore, businesses should carefully plan their tax burdens that associate with sales promotion to achieve the sales target and profit goals with tax performance efficiency (Jaensirisak & Tassawa, 2017; Lekjaeng, 2018; The Revenue Department, 1992). There are 7 most well know tax planning strategies as follows (Lekjaeng, 2018)

1. Tax Planning for Premium Promotions

To be efficient in tax planning for premium promotions means that businesses are able to reap benefits offered under tax law; or, the right to utilize tax credits from premium's input tax. Further, the business is able to realize tax benefits if the business delivers the premium promotion together with the products/services. Also, the price of the premium promotion has to be no more than the price of products/services. The business

will also have to indicate the premium amounts in the tax invoice for this purpose. In addition, the business is not responsible for withholding tax from the value of the premium and does not have to include the cost of the premium in taxable income for the corporate income tax.

2. Tax Planning for Discounts

To be efficient in tax planning for discounts means that the business does not have to include the discount as a tax base for VAT, and will only have to pay VAT from the net value after the discount of the product. The business can only realize tax benefits from a discount only when the business gives a discount at the point of sales/services, and indicates the discount in the tax invoice.

3. Tax Planning for Brand Loyalty

In order to minimize the tax expenses from brand loyalty program, the business has to carefully choose brand loyalty program activities. Stamps and prizes for accumulated sales targets are considered as sales, which are included in the tax base for VAT. Therefore, using other activities such as redemption purchases (as in redeeming ten coupons for a kitchen set at 1 baht) are considered as a discount; and only the net value after the discount is used to calculate VAT.

4. Tax Planning for Contests and Sweepstakes

To be efficient in tax planning for contests and sweepstakes is to minimize tax payments. There is a VAT for things given out as prizes; however, there is no sales tax for giving out cash. Thus, expenses occurring in arranging contests must include the tax expenditures that are incurred when calculating

corporate tax income. Moreover, input taxes associated with the contest can be used as tax credits. With all the tax benefits from a contest, the businesses are still responsible for the withholding tax at the rate of five percent of taxable income, whether cash is given out in the contest or not.

5. Tax Planning for Samples

To be efficient in tax planning for promotion-related samples is to minimize tax. According to tax law, the sample giving to end user in marketing event will not have to pay output tax. Only when the business follows the tax law mentioned, input tax will be credited, and the costs of sample can be used as expense in calculating corporate income tax. Moreover, there is no withholding tax involve.

Input tax from samples given out in a sales promotion activity to end users can be used as tax credits in the calculation of VAT. The cost of samples is also considered as a tax expenditure for corporate income tax calculation. Furthermore, the business is not responsible for withholding tax from the value of samples.

6. Tax Planning for Gifts

The business may have tax credits with no output tax in the case of the business handing out a free gift in a ceremony or traditional event such as in a New Year festival, or an event introducing a new product. Further, a free gift such as a calendar or diary is eligible for calculating the company's tax benefits. Additionally, the gift must have a logo, trade name of the company, or the name of the business on it, and it is normally given out for those occasions. Besides all the

stipulations mentioned above, the cost of the free gift is a tax expenditure used in calculating corporate income tax.

7. Tax for Refunds and Rebates

Guarantee refunds and rebates assure the quality of a company's products/services. The business is not responsible for withholding tax in the case of paying a guarantee refund and rebate to the end users. However, the business must deduct a three percent withholding tax from dealers when paying guarantee refunds and rebates to them.

Tax Performance Efficiency

Tax performance efficiency is the business's ability to follow the rules and regulations of tax law, which results in accurate and thorough procedures, while incurring the least tax payment without breaking any law, since that may result in government-mandated penalties.

There are two directions of measuring tax performance efficiency which are 1) financial performance 2) non-financial performance (attitude). In financial performance regularly use effective tax rate (ETR), corporate income tax and cash flow from operation ratio (Tax/CFO), and corporate income tax and total assets ratio (Tax/Assets) (Temboonprasertsuk, 2021). The measures in financial performance normally use with secondary data research. Non-financial performance measuring using self-assessment (attitude) which usually used in questionnaires survey (Boonphunga et al., 2019; Monsuwan, 2012; Prempanichnukul, 2018).

This paper will follow Rojcureesatian (2018) concept to measure tax performance efficiency. First, the business can demonstrate

accurate and complete compliance with tax regulations; meaning, the business is knowledgeable and understanding of tax law, including the revenue codes and court rulings/judgments, to be able to accurately and thoroughly execute proper tax procedures according to tax standards. Second, maximized tax benefit is the ability of the business to study, find related information, and search out new regulation/revenue code pronouncements that help to reap tax benefits such as those involving tax-exempt revenue, and other benefits from any expenditure. Third, minimizing costs is the ability to lower the business's tax payments or fees/additional payments as a result of tax evasion. Fourth, the business prevents contingent liabilities. In other words, it has one or more plans to prepare all tax procedures for the prevention of tax problems that the business may encounter in the future. Further, the business can avoid problems from the Revenue Department (RD)'s investigations caused by misunderstandings or inaccurate tax payments.

Hypothesis Development

From the literature review, it is found that most study and research relates to the effectiveness of tax planning as it affects the overall picture of the company. For instance, Monsuwan (2012) and Thanjunpong (2013) studied about business tax compliance and found that a company with an accounting system that complies with tax law had no fines or additional tax penalties. It also indicated that companies with effective tax planning used tax benefits to minimize their

tax burdens. It also lowered costs of operation, and gained a competitive advantage. Prempanichnukul (2018) also found that the efficiency of tax planning of corporate income tax in the dimension of tax law compliance has had a positive relationship with the firms' image in social responsibility, positive public reputation, and their managerial processes.

Literature review on tax planning for sales promotion and tax performance efficiency is limited. There is only one study by Nutepsu (2013) that found sales promotion often used such as discounts, brand loyalty programs, premiums, advertisements, and product exhibitions by companies. Furthermore, the result from the study show that planning for those sales promotion's taxation related tax performance, which are 1) correctly prepare the revenue and expenses documents as part of corporate income tax, 2) maximizing VAT benefit, firms able to credit input tax and decrease output tax, and 3) filing withholding tax correctly. It is consistent with Jaensirisak and Tassawa (2017), the company that has knowledge and able to plan sales promotion's taxation will prepare correct tax documents, correct tax payment which eventually decrease tax costs and no tax penalty.

There are many tax rules and regulations associated with sales promotions such as those sales promotion activities associated with withholding tax and those that are not. Further, some input tax can be used for tax credits and some cannot. Therefore, it is crucial for the business using sales promotion tax planning to achieve tax performance

efficiency by being ready for and knowledgeable about all tax rules and regulations. The business that prepares accurate and complete tax documents, follows tax law, and complies with the tax law will minimize tax problems and tax penalties. In view of the above concepts

and literature reviews, the hypotheses in this study are as follows:

H_1 : Tax planning for sales promotions has a positive effect on the tax performance efficiency.

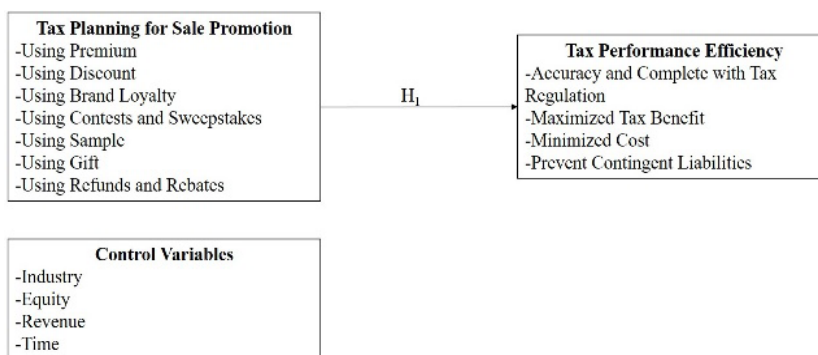


Figure 1 Conceptual Framework

Research Methods

Sample and Data Collection

Data were collected from questionnaire surveys that were sent to chief accountant or accounting director of VAT registered firms. The population of 1,176 firms were from in e-tax invoice and e-receipt database and e-tax invoice by email database from The Revenue Department (2020) database. There were 272 completed response surveys (23.13%) that were sent back within 101 days, which is higher than the acceptable rate of 20 percent by Aaker et al. (2001).

Measurements

The questionnaire in this study consists of five parts:

Part 1 is information about the respondents consist of 5 checklist questions as follows: sex, age, education level, work experience, and work position.

Part 2 is information about VAT registrants consist of 4 checklist questions: type of industry, registered capital, revenue, and age of business.

Part 3 is information about sales promotion strategies and tax problems - withholding tax, value added tax, corporate income tax.

Parts 4-5 are the measures of independent variable - tax planning for sales promotions, and dependent variable - tax performance efficiency. Respondents were asked to indicate on a five-point Likert-type scale that ranged from 1 (The least agree) to 5 (Strongly agree). The definition of each scale is shown as follows:

The least agree = 1.00-1.80

Slightly agree = 1.81-2.60

Somewhat agree = 2.61-3.40

Very agree = 3.41-4.20

Strongly agree = 4.21-5.00

Control variables in this paper includes type of industry, registered capital, revenue,

and age of business. Wutthimahanon (2019) found that each type of business has different way of business operation and use different tax planning due to different regulation in each industries - tax benefits and tax policy from the government. Moreover, the company that have long age, sales growth, and firm size will also less likely to do tax avoidance in order to keep their corporate image (Indriani & Juniarti, 2020).

Reliability and Validity Test

The reliability of measures was evaluated by Cronbach α coefficients. Alpha coefficient of tax planning for sales promotion is 0.939 and tax planning efficiency is 0.891, which is solidly within the acceptable range (Cronbach, 1951; Hair et al., 2011). Furthermore, this study uses Item-total correlation to test discriminate power of each item in the questionnaire. It was found that the discriminant power (r) of tax planning for sales promotions was in the range of 0.559-0.955 and 0.610-0.917 for efficiency of tax performance. Overall, the questionnaire developed and used for the study has a good quality (Hair, et al., 2011; Nunnally, 1978).

Data Analysis and Hypothesis Testing

Descriptive statistical analysis using frequency and percentage, to analyze the general information of the accounting managers in VAT registrants, the general information of VAT registrants, and the general information about VAT registrants' tax problems. Mean and standard deviation were used to illustrate the opinion level of tax planning for sales promotions and tax performance efficiency.

Multiple correlation analysis is employed to test relationship between variables.

Multiple regression analysis used to test the effects of tax planning for sales promotions on the tax performance efficiency of VAT registrants. The equation is shown below:

$$EFF = \beta_0 + \beta_1 PRO + \beta_2 IND + \beta_3 CAP + \beta_4 REV + \beta_5 AGE + \varepsilon \quad (1)$$

Where:

- EFF = Tax Performance Efficiency
- PRO = Tax Planning for Sales Promotion
- IND = Type of Industry
- CAP = Registered Capital
- REV = Revenue
- AGE = Ages of Business (Years)

Results

General Information of Survey Respondents

The sample group is the accounting managers of VAT registered firms in Thailand. The group consists of 88.24% females, those younger than 35 years are 38.24%, 55.88% have bachelor degrees, 41.18% that have work experience less than 5 years, and 50% are at the rank of an accounting manager. Most VAT registrants (61.76%) operate in services businesses, 64.71% have less than 10 million baht of capital, 47.06% generated income from selling products/services (from the previous accounting period) less than 10 million baht, and 35.29% have been in business for at least 5 years and up to 10 years.

The Analysis of Sales Promotion and Tax Problems and tax problems in operating business of VAT registrants is shown in Table 2.

Information relating to sales promotions

Table 2 Information about VAT Registrants' Taxation.

Information about VAT registrants' taxation	Number	Percentage
1. Sales promotions often used by the company (respondent can select more than one answer)		
1.1 Discounts	208	76.47
1.2 Premiums	64	23.53
1.3 Free samples	16	5.88
1.4 Contests and sweepstakes	32	11.76
1.5 Brand loyalty programs	14	5.15
1.6 Rebates	24	8.82
1.7 Free gifts	22	8.09
1.8 Others such as cash back, commission, etc.	7	2.57
2. Tax problems most encountered by the company (respondent can select more than one answer)		
2.1 Corporate income tax	96	35.29
2.2 VAT	72	26.47
2.3 Withholding tax	130	47.79
3. Corporate income tax problems most encountered by the company (respondent may select more than one answer)		
3.1 Computation of corporate income tax	56	20.59
3.2 Preparation of tax documents	82	30.15
3.3 Not taking full advantage of tax benefits	144	52.94
3.4 High value of nondeductible tax expenses	63	23.16
3.5 Others such as collection of sales revenues at a lower market price	7	2.57
4. Withholding tax problems most encountered by the company (respondent may select more than one answer)		
4.1 Inaccurate amount of withholding tax	164	60.29
4.2 Cannot withhold the tax due to rejection of tax withholding by money receiver	97	35.66
4.3 Others such as different methods of withholding tax computation, incorrect information leading to incorrect tax documents, company deducting incorrect amounts of withholding tax	38	13.97
5. VAT problems most encountered by the company (respondent may select more than one answer)		
5.1 Submitting incorrect sales/services revenue	24	8.82
5.2 Received incorrect tax invoices	152	55.88
5.3 Preparation of tax documents and reports	83	30.51
5.4 Prohibited high amount of input tax	35	12.87
5.5 Others such as late tax vouchers, sales tax much higher than input tax, implementation of e-tax invoices	42	15.44

Table 2 has shown that the first three sales promotion often used by the company ranking from the top are discounts (76.47%) followed with premium (23.53%) and contest/sweepstake (11.76%), while, the last three are ranking from the least are others such as cash back, commission, etc. (2.57%), brand loyalty programs (5.15%), and free samples (5.88%).

In addition, table 2 also has shown most encountered tax problem is withholding tax (47.79%). The second is the corporate income tax (35.29%). The last one is VAT (26.47%).

More information in table 2 shown that the most problem with withholding tax is inaccurate amount of withholding tax (60.29%), and the least is others such as different methods of withholding tax computation, incorrect

information leading to incorrect tax documents, company deducting incorrect amounts of withholding tax (13.97%).

Moreover, the most encounter problem of corporate income tax is not taking full advantage of tax benefits (52.94%). In the opposite, the least was others such as collection of sales revenues at a lower market price (2.57%).

For VAT problem, found that received incorrect tax invoices (55.88%) ranked as first and submitting incorrect sales/services revenue (8.82%) ranked as last VAT problem encountered by businesses.

Descriptive Statistics

Table 3 shows the descriptive statistics of tax planning for sale promotion (PRO) and tax performance efficiency (EFF)

Table 3 Descriptive Statistics

Variables	Mean (\bar{x})	Standard Deviation (S.D.)	Opinion Rating Level
Tax Planning for Sales Promotion (PRO)			
Using Discounts	4.02	0.80	Very Agree
Using Premiums	3.66	0.83	Very Agree
Using Free Samples	3.72	1.08	Very Agree
Using Contests and Sweepstakes	4.08	0.87	Very Agree
Using Brand Loyalty Programs	3.60	0.99	Very Agree
Using Rebates	3.54	1.04	Very Agree
Using Free gifts	3.73	0.84	Very Agree
Total	3.76	0.73	Very Agree
Tax Performance Efficiency (EFF)			
Accuracy and Complete with Tax Regulation	4.09	0.64	Very Agree
Maximized Tax Benefit	3.72	0.67	Very Agree
Minimized Cost	3.92	0.83	Very Agree
Prevent Contingent Liabilities	3.70	0.69	Very Agree
Total	3.86	0.58	Very Agree

Table 3 shows the total mean score for the variable tax planning for sales promotion

is 3.76 and S.D. is 0.73. This means companies very agree with using tax planning for sales

promotion. The highest means score, 4.08 (S.D. = 0.87) is using contests and sweepstakes. While the lowest means score, 3.54 (S.D. = 1.04) is using rebate.

It also shows in table 3 that the mean score for dependent variable, tax performance efficiency, is 3.86 and S.D. is 0.58. This result also mean that the companies very agree with the tax performance efficiency. The highest means score, 4.09 (S.D. = 0.64) is accuracy. While the lowest means score, 3.70 (S.D. = 0.69) is prevent contingent liabilities.

Multiple Correlation Analysis

Table 4 shows the correlation matrix between variables analyzed by Pearson correlation coefficients. Although it indicates high correlation between independent variables (0.306 - 0.831) at 0.01 significant level, the multicollinearity problem is not severe, according to VIFs ranging from 1.403 – 4.509 (Hair et al., 2011).

Table 4 Multiple Correlation Analysis

	EFF	PRO	IND	CAP	REV	AGE
Mean (\bar{x})	3.86	3.76	2.18	1.97	2.32	2.21
S.D.	0.58	0.73	0.66	1.36	1.39	1.18
EFF	1.000					
PRO	0.594**	1.000				
IND	-0.370**	-0.474**	1.000			
CAP	0.306**	0.524**	-0.385**	1.000		
REV	0.262**	0.306**	-0.414**	0.831**	1.000	
AGE	0.447**	0.353**	-0.497**	0.369**	0.336**	1.000

Notes. **p<0.01

Multiple Regression Analysis

The multiple regression results of the effect of tax planning for sales promotion

on tax performance efficiency are shown in Table 5.

Table 5 Effect of Tax Planning for Sales Promotion on Tax Performance Efficiency

Independent Variables	Tax Performance Efficiency		t-statistic
	coefficients	Std. Errors	
Constant (α)	1.692	0.265	6.393***
Tax Planning for Sales Promotion (PRO)	0.476	0.049	9.665***
Type of Industry (IND)	0.036	0.052	0.697
Registered Capital (CAP)	-0.133	0.041	-3.213**
Revenue (REV)	0.109	0.037	2.903**
Ages of Business (AGE)	0.139	0.026	5.229***
F = 41.685 p <0.0001 Adj R ² = 0.429			

Note. **p<0.01, ***p<0.001

Table 5 has shown that tax planning for sales promotion had a significantly positive effect on tax performance efficiency ($b_1 = 0.476, p < 0.0001$). While control variables are significantly effect on tax performance efficiency as registered capital ($b_3 = -0.133, p < 0.01$), revenue ($b_4 = 0.109, p < 0.01$), and ages of business ($b_5 = 0.139, p < 0.0001$) respectively.

Discussion

The purpose of this study is to test whether the tax planning for sales promotions has an effect on the tax performance efficiency of VAT registrants or not. Therefore, the tested hypothesis is tax planning for sales promotions has a positive effect on the tax performance efficiency. In addition the researchers also study about tax problems of VAT registrants. This part will begin with the discussion about tax problems of VAT registration and later part will be the discussion of the hypothesis testing.

The three most sales promotions used by business are discounts, premium, and contests and sweepstakes which align with the studies from Khan et al. (2018), Shamout (2016), and Watanasin (2011) that the most satisfactory sales promotion by consumers and businesses were premium, discounts, coupons, refunds, samples, and addition products are the sales promotions.

There are three tax problems in operating business that VAT registrants most encountered 1) withholding tax-inaccurate amount of withholding tax. This may result from the lack of tax knowledge of tax employees (Suwannakit, 2017) since

withholding tax is the most questions asked to The Revenue Department by businesses (Lairattanakul, 2018). 2) Corporate income tax - not taking full advantage of tax benefits. It is consistent with Lairattanakul (2018) that tax benefits in revenues and expenses were the most corporate income tax problems consulted with The Revenue Department. And 3) VAT-received incorrect tax invoices as mentioned in the studied by Suwannakit (2017) that no tax invoices issued as a proof of the payment transactions was the VAT problem. Moreover, Lairattanakul (2018) also indicated that the most VAT problems consulted with The Revenue Department were revenue problems, expenses problems, tax documents problems, and tax reports and tax penalties respectively.

From the hypothesis testing with regression. The result shows that tax planning for sales promotion is significantly positive effect on tax performance efficiency. Therefore, the hypothesis was supported. The result was in accordance with Nutepsu (2013) in that tax planning for relating expenses to sales promotion expense will help companies to pay tax correctly and completely according to the tax regulations. It will also minimize tax problems and lower fines and extra surcharges for companies. Also mentioned in Raisangaun et al. (2014) that the effectiveness of tax management existed when companies followed tax regulations, accurately and completely prepared of tax payments together with tax saving. VAT registrants should pay attention and acquired more knowledge regarding sales promotion strategies to understand and be competent in tax rules and regulations. As

found in Suwannakit (2017) that when tax employees are knowledgeable about tax rules and regulations, methods, the conditions of tax points of withholding tax and VAT, and the differences between sales promotion expenditures according to accounting and tax law, then companies can limit mistakes in taxation and minimize tax costs. Then, VAT registrants will be able to demonstrate tax performance up to the standard of all the tax regulations required; that is, their performance will be accurate, thorough, and will gain advantage from tax benefits related to the sales promotion strategies their companies have chosen.

Control variables - registered capital, revenue, and ages of business are significantly effect on tax performance efficiency. This is consistent with the result found in Indriani and Juniarti (2020) that the company that have long age, sales growth, and firm size will also less likely to do tax avoidance in order to keep their corporate image.

Conclusion and Recommendations for Future Research

Conclusion

The objectives of this research paper are 1) to investigate a tax problem of sales promotion and 2) to test the effect of tax planning for sales promotion on tax performance efficiency of VAT registrants.

The researchers found that withholding tax problem is the most prevalence, follows by corporate income tax and value-added tax respectively. Moreover, the most problem encountered by the companies with

1) withholding tax is inaccurate amounts of withholding tax, 2) the corporate income tax is not taking full advantage of tax benefits, and 3) the VAT is receiving incorrect tax invoices.

In addition, the results opinion rating level of independent variable - tax planning for sale promotion and dependent variable - tax performance efficiency are very agree. The hypothesis that tax planning for sales promotion had a significantly positive effect on tax performance efficiency was supported. And the control variables consist of registered capital, revenue, and age of business had significantly effect on tax performance efficiency.

The contributions of this research in practice is to help the companies to aware of the tax planning using sale promotion strategies and their related tax problem. And the companies will be able to prepare the correct tax payment while receive the highest tax benefits from tax planning onward in the future.

Moreover, there is a contribution in tax planning research. While recent tax planning research focus on overall tax planning, the companies will not be able to see through the details in tax planning. This result in the companies may not be able to resolve tax problems and use tax planning efficiently at the right issues. Therefore this research paper can fill the research gap and provide more insight for the companies by begin with sales promotion strategies and its tax planning.

Limitations

As the consequence of the Covid-19, many companies were temporary close down which resulted in only 272 completed

response surveys. Even though the number of respondents were satisfied according to Aaker et al. (2001), the result must be carefully interpreted.

Recommendations for Future Research

Even though the seven sales promotion strategies were used as measurements in this study, the other dimensions and qualifications of tax for sales promotion maybe explore in future research. Moreover, this research study has only focused on VAT registrants companies. In the future, studies can be conducted by focusing on other interesting sample groups such as online businesses. Lastly, future research may enable moderators such as managerial support and communication within organizations to enhance tax performance efficiency.

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