

IMPLICATION OF TAX PLANNING ON THE FINANCIAL PERFORMANCE OF LISTED FIRMS IN GHANA

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ABSTRACT

The main objective is to examine the effect of corporate taxation planning on the financial performance of listed Banks in Ghana. To achieve the objective, the study employed a quantitative research approach based on the use of secondary information from the corporate annual reports. Both descriptive and correlational methods were used in the research. Correlations between the study's variables were determined with the use of this methodology. All commercial banks listed on GSE were included in the analysis. A representative cross-section of banks was obtained by a purposive sampling approach. Data from 2012–2021 was collected from the firms' annual report. Descriptive and correlation analyses were performed on the data. Panel data analysis (including both random and fixed effects Model) was utilised to evaluate the association between the independent and the dependent variables. The findings showed that, corporate taxation planning has no significant effect on financial performance (ROI, ROA and ROE) for the financial institutions. The results imply that the financial institutions efforts to reduce tax liabilities by deducting business-related transportation costs, employee health insurance premiums, office expenses, retirement planning costs, child care costs, and charitable contributions will not result in a corresponding increase in their financial performance. The study recommended that although corporate taxation planning has no significant effect on financial performance, the banks must use strategic tax planning in order to guarantee that tax savings are put to good use in improving their financial performance.

Keywords: Implication, Tax Planning, Financial Performance, Listed Firms in Ghana.

Background of the Study

This chapter of the study presents the general background of the research work on corporate tax planning; the deliberate orchestration of financial decisions to optimise tax liabilities within the bounds of legal frameworks, and how it has garnered increasing attention due to its potential to significantly impact the financial performance of firms. In the context of Ghana, where the economic landscape is shaped by diverse industries and evolving regulatory dynamics, the study of tax planning's implications on listed firms' financial performance assumes heightened significance (Agyei et al., 2020).

Tax planning activities include tax avoidance and tax evasion schemes that affect the financial plans of banks due to changes in national tax laws (Putra et al., 2021). Olarewaju and Olayiwola (2019) show that tax planning schemes reduce the tax burden of firms through extensive outsourcing and “higher levels of pre-tax income leading to higher profits”. According to Xiong (2022), the practice of tax planning holds a dual-edged potential to influence financial outcomes. On one hand, adept tax planning strategies tend to yield substantial benefits to firms which include reduced tax burdens, improved cash flow, and heightened profitability (Heitzman & Ogneva, 2019). Furthermore, Krieg and Li (2021) note that the pursuit of aggressive tax planning tactics can invite ethical concerns and reputational risks which potentially diminishing stakeholder trust and long-term viability. Olamide et al. (2019) also state that banks with the ability to implement tax planning are more likely to be selective and more efficient than banks without effective budgeting arrangements for tax planning.

Commercial banks are taxed differently because they also have different financial operations (Tackie et al. 2022). However, each bank has its tax management practices and strategies. The Taxation Law of 2015 (Taxation Law 896) came into effect on September 1, 2015, aiming to create harmony and orientation in the organisation and implementation of the Taxation Law, to ensure that taxpayers comply with the law and to improve tax collection (Seidu, et al., 2021). The law allows the GRA to detain any person or bank that appears to be involved in tax evasion (Seidu et al., 2021).

Gupta (2018) explains tax planning as the deliberate structuring of financial transactions to minimise tax liabilities within the constraints of legal frameworks, has evolved from a mere compliance activity to a strategic financial decision with far-reaching implications. There is a full right to allow “tax breaks, tax deductions, rebates, discounts, rebates, deductions, and other benefits” or benefits prescribed per the Income Tax Act (Gatsi et al., 2013).

Tax planning is used by individuals and businesses to pay taxes from the federal government, state, and local tax authorities (Lewar & Fadjarenie, 2022). This process requires aspects such as tax impact management, understanding the nature of expenditures according to existing regulations, and proper planning of tax collection procedures to ensure prompt payment (De Vito, 2022). The use of tax laws to solve the problem of paying taxes is part of tax collection. Color (Li et al., 2022).

The purpose of tax planning is to reduce tax liability (Le et al., 2022), and by employing various tax planning strategies, firms aim to enhance profitability, optimise their financial structure, and direct resources towards value-adding activities (Tackie et al., 2022). Hlaing and Stapleton (2022) show that the competitive environment produces strategic decisions that are consistent with the company's operational decisions. Beasley et al. (2021) argue that several methods can be used to achieve tax reduction. For developing countries, this process is well-defined, although reliable and consistent data are not available (Rabbi & Almutairi, 2021).

For developing countries, Nurfadila and Muslim (2021) outline the methods of tax reduction as including transfer fees, paying for strategies to change the profits of the entity, shell companies, shares of the company's debt, mixed companies, and the direct tax law of the company. The circumstances in which the firm's goals will be achieved are called financial performance (Donkor et al., 2022). A bank's financial performance depends on the firm's ability to use its assets from its core business to run the business and generate revenue thereafter (Ebimobowei, 2022). Financial performance can also refer to the overall financial health of a company over a period (Felix & Mamidu, 2021). Financial performance can also be used to measure or rate companies from the same industry or across different industries for comparative purposes (Ado et al. 2021). In short, financial performance is an important objective desired or targeted by firms, especially profit-oriented firms (Omesi & Appah, 2021).

Financial performance focuses on those things that directly affect the firm's financial statements or reports (Aronmwan & Igbinoba, 2021). Financial performance analysis can deal with factors such as profit growth, sales volume, capital employed, and assets among other factors related to the company (Bashir & Zachariah, 2020). Financial performance is an important indicator or measure of the success of some economic sectors, for example, the achievement of goals and objectives (Salawu, 2017). The company's stakeholders are very interested in the company's financial performance (Khuong et al., 2020). Financial performance measurement can be based on financial ratios such as operating ratio, debt ratio, budget, and profit (Ozkan et al., 2017). Financial performance is measured from several perspectives including solvency, profitability, and liquidity (Fatihudin, 2018). Measuring the performance of the company can be done through the responses found in

the financial reports of the company such as return on capital employed (ROCE), return on assets (ROA), and gross profit margin (Choiriyah et al. (2020).

This study therefore employed return on equity (ROE), ROA and return on investment (ROI) as performance proxies with leverage and firm size as control variables. Overesch and Wolff (2021) show that corporate tax liability is related to corporate profitability. The success of the objective of increasing the company's wealth through various means of increasing profits leads to the company's ability to pay higher taxes, thus reducing its tax liability. They argue that since tax planning has a positive effect on the income of the organisation, there may be a negative effect on the organisation because the government cannot collect enough taxes (Overesch and Wolff, 2021). This negative impact on the economy will lead to a decrease in the financial performance of the company (Kumari and Pattanayak, 2017). Tax planning strategy has a positive effect on the cash flow and financial performance of organisations because it can increase after-tax income (Shevlin et al., 2020).

In addition, companies with debt receive tax protection because debt reduces taxable income compared to equity funds (Wilde and Wilson, 2008). Oyewumi et al. (2008) argued that tax planning promotes good financial planning in organisations. Companies can also consider other tax planning incentives to get tax protection such as giving businesses such as free business zones, providing rural investment subsidies, buying goods in time to use capital gains, and tax exemption of interest earned. in business conducted by foreign companies in that country.

A study by Auerbach et al. (2017), established a complex set of organisational costs arising from the conflict of interest between shareholders and managers. This view assumes that interested managers are always willing to engage in tax-exempt activities to avoid paying rent. Therefore, the shareholders will tolerate the negligence of the management in tax matters that will ignore the lawyers. Oktaviyani and Munandar (2017) revealed that tax planning can have a negative impact on the economy, industry, society in general, and the financial performance of companies.

A comprehensive tax plan can lead to the provision of services to the poor such as poor health facilities, infrastructure, and education systems that deteriorate simply because the government does not raise funds to support institutions (Kanagaretnam et al., 2008). Companies listed have

their individual tax management practices and strategies. Also, the ownership structure of various companies differs from state-owned companies, and foreign subsidiaries, some of which are privately owned but others are sold to the public including the government (Allen et al., 2017). This study will be based on two concepts: the Modigliani-Miller theorem and the agency theory of Jensen and Meckling (1976) discussed by Tang (2022) is also the basis of this study because it explains that agent managers can distort the company using tax planning to distribute the wealth of the company in its favor. Corporate tax planning can be good or bad for a company especially if the management does not comply with the government's actions (Tang, 2022).

Statement of the Problem

In the dynamic landscape of corporate finance, the deliberate orchestration of financial decisions in order to optimise tax liabilities, corporate tax planning, has garnered increasing attention due to its potential to significantly impact the financial performance of organisations (Gitari, 2019). This development has led to extensive discussions on the various consequences, causes, strategies related with tax planning within the global business context (Lokanan, 2023). Putra et al. (2021) found two different views on the causes and consequences of planning in the literature. Some viewpoint suggests that tax planning strategies are employed to minimise tax liabilities (Putra et al., 2018), resulting in a reduction in the funds that would have otherwise been paid to government authorities in the form of taxes. Whereas the second perspective delves into the agency costs that arise from conflicts of interest between shareholders and managers (Gabrielli, 2023). This can be done whenever the firm avoids paying a large amount of tax.

In Ghana, most of the banks listed have improved in performance but others have had declining fortunes caused by the fact that the managers of the operating organisations do not have the necessary guidance to achieve the right results (Yakubu et al., 2021). The main objective of the company is to generate profit and increase the wealth of shareholders which can be achieved by improving financial performance (Tang, 2022). Many companies use various tax planning techniques such as tax avoidance techniques as a way to increase profits (Tackie et al., 2022; Agyei et al., 2020).

According to Seidu et al. (2021) some Ghanaian companies can report higher income due to good tax management practices. Studies on

corporate tax planning and financial performance in developed nations have yielded mixed results (Lewar & Fadjarenie 2022; Tang, 2022; Ftouhi & Ghardallou, 2020; Kanagaretnam et al., 2008). Gatsi (2013) argued that tax evasion not only affects financial performance but also increases the value of companies through good tax planning strategies. Many studies have found that good corporate governance and tax evasion can lead to normal returns. This finding is consistent with Olamide et al. (2019) who stated that good corporate governance and tax avoidance practices lead to higher corporate value. On the other hand, Lewar and Fadjarenie (2022) found a negative relationship between tax avoidance and future profits.

In developing nations, there are a few studies conducted in the area of tax planning, but these studies do not link tax planning with financial performance (De Vito, 2022). Nchor and Adamec (2015) compared tax evasion in Ghana and Nigeria while Moerenhout and Yang (2022) described tax evasion in Nigeria as having a significant impact on accounting practices. Amidu and Yorke (2017) analysed the tax incentives and avoidance practices adopted by Ghanaian firms. Tackie et al. (2022) studied the impact of tax planning policies on tax savings in manufacturing companies in Ghana and found that tax planning policies could not contribute to tax savings.

Researchers believe that no specific study has been conducted in Ghana on how corporate tax planning affects the financial performance of Ghana Stock Exchange (GSE)-listed firms especially commercial banks. Therefore, there is a gap in the literature that this study seeks to fill. The ethical implications of tax planning practices which includes the potential for aggressive tax avoidance, add a layer of complexity to the problem (Xu et al., 2022). Therefore, striking a balance between tax optimisation and ethical considerations presents a dilemma that firms and policymakers must navigate prudently.

It is on this background that the study is conducted to evaluate the impact of corporate tax planning on listed financial performance of listed banks in Ghana. The study holds the potential to fill the existing research gap as well as provide actionable insights that can guide listed banks in making informed tax planning decisions while upholding ethical standards. This study further unravels these intricate relationships, with the ultimate goal of offering practical guidance to companies, regulators, and stakeholders in the evolving business landscape of Ghana.

Objective of the Study

The main objective is to examine the effect of tax planning on the financial performance of listed firms in Ghana. The specific objectives are as follows:

1. To examine the effect of corporate tax planning on the financial performance (ROI) of listed financial institutions in Ghana.
2. To explore the impact of corporate tax planning on the financial performance (ROA) of listed financial institutions in Ghana.
3. To assess the influence of corporate tax planning on the financial performance (ROE) of listed financial institutions in Ghana.

Literature Review

Theoretical Literature Review

Agency Theory

Agency theory is a framework that examines the relationship between principals (shareholders) and agents (managers) in an organisation (Olayiwola & Okoro, 2021). It suggests that conflicts of interest may arise due to the divergence of goals between shareholders and managers. In the context of corporate tax planning, agency theory implies that managers may engage in tax planning activities to maximise their own interests, potentially at the expense of shareholders' wealth (Tackie et al., 2022). This can occur when managers prioritise reducing the company's tax burden in order to boost their own compensation or secure job stability, rather than focusing on long-term value creation for shareholders (Ado et al., 2021). Exploiting gaps in tax regulations, participating in aggressive tax avoidance methods, or altering financial statements to reduce taxable income are all examples of tax planning activities. These activities, in the end, can destroy shareholder capital and create a mismatch of incentives between management and shareholders (Putra et al., 2019). Corporate tax planning may have a substantial impact on financial institutions' financial success. On the one hand, good tax planning may assist businesses in lowering their tax burden while increasing profitability, resulting in enhanced financial performance (Tijjani & Peter, 2020). This may result in bigger dividends for shareholders and, as a result, additional investors. On the other hand, excessive and unethical tax planning practices can damage a company's reputation and expose it to legal and regulatory risks, which can negatively affect its financial performance and shareholder value (Le et al., 2022). Therefore, it is crucial for companies to strike a balance

between legitimate tax planning strategies and maintaining ethical business practices to ensure long-term value creation for shareholders. Agency theory is highly relevant in understanding the implications of corporate tax planning on the financial performance of financial institutions (Putra et al., 2019). This theory investigates the interaction between principals (shareholders) and agents (managers), as well as how conflicts of interest might occur as a result of competing goals (Peter et al., 2020).

In the context of corporate tax planning, agency theory explains how managers may participate in tax planning methods that emphasise their own objectives over the interests of shareholders, possibly affecting the institution's financial performance (Chytis et al., 2020).

Empirical Literature Review

This section evaluated past research that addressed the study's aim. These include investigating the impact of corporate taxation strategy on financial institution performance. In past and continuing research projects, literature pertaining to the study's purpose of investigating the influence of corporate taxation planning on the financial performance of financial institutions was analysed.

Corporate Tax Planning on the Financial Performance of the Financial Institution

Corporate tax planning is a strategy used by financial organisations to reduce their tax bills while increasing their after-tax earnings. Corporate taxation planning on a company's financial performance is critical for its long-term success. Companies may optimise their revenues and cash flow by proactively managing their tax liabilities, eventually improving their overall financial performance (Fagbemi et al., 2019). Strategic corporate taxation planning entails examining different tax methods, such as tax credits, deductions, and exemptions, in order to reduce taxes owing while keeping in compliance with existing laws and regulations. Companies may also explore international tax planning to take advantage of favourable tax countries and decrease their overall tax burden. Overall, well-thought-out corporation taxes (Suriawinata & Almurni, 2023). Fagbemi et al. (2019) examined several banks' tax planning practices and discovered that efficient tax planning favorably affects their profitability and overall financial performance. Furthermore, Bariyima and Cletus

(2014) explored the link between corporate tax planning and risk management in financial institutions, discovering that well-executed tax planning can improve risk-adjusted returns and promote financial stability. These findings imply that banks and financial organisations that prioritise tax planning and implement effective tactics can not only raise profitability but also limit risks and improve overall financial health. Moreover, Chytis et al. (2020) and Fagbemi et al. (2019) emphasise the importance of tax planning in the banking industry and give useful insights for financial firms wanting to improve their tax management procedures. Banks may gain a competitive edge and maintain long-term survival in a continuously changing financial market by employing sophisticated tax planning techniques. Sofyan (2019) discovered that good tax planning might boost ROA by lowering tax payments and boosting after-tax earnings. This implies that financial firms that use appropriate tax planning methods may optimise their profitability and obtain greater asset returns.

Additionally, Ogbonna et al. (2022) discovered that good tax planning might lead to an increase in ROE by allowing financial institutions to deploy more money to growth possibilities and shareholder value generation. Wang (2022) investigated the implications of tax planning strategies on financial institution performance and discovered that effective tax planning affected ROA, ROE, and ROI, suggesting that businesses that participate in effective tax planning are more inclined to accomplish higher financial performance. This shows that reducing tax obligations can boost financial institution profitability and efficiency. These findings emphasise the necessity of proactive tax planning for businesses in order to enhance financial performance as well as create value for shareholders. In this regard, Stamatopoulos et al. (2019) discovered that proper tax planning might greatly improve the profitability and overall financial health of financial firms. Furthermore, Olarewaju and Olayiwola (2019) revealed that good tax planning methods might lead to an enhanced return on assets and greater shareholder value for financial organisations. These findings emphasise the significance of strategic tax planning for these institutions, as it helps them to reduce their tax bills while allocating more resources to corporate development and investment. Financial organisations may enhance their financial performance as well as their market competitiveness by efficiently managing their tax responsibilities. As a result, it is critical that these institutions employ tax planning methods that are consistent with their overall business goals and regulatory obligations.

Hypotheses Development

This section examines the main idea depicted in Figure 2.1 below. As indicated by the research model, subsections have been constructed and discussed for the hypothesis.

Corporate Taxation planning on Financial Performance

A company's financial performance gives an overview of its profitability and efficiency in resource management (Addo-Tham et al., 2020). It entails evaluating the company's revenue production, spending, assets, liabilities, and cash flow through analysing important financial documents such as the income statement, balance sheet, and cash flow statement. According to Asiedu et al. (2020), corporation taxation planning is an important part of firm finance management (Seidu, 2020). Fagbemi et al. (2019) stated that, corporate taxation planning is analysing and managing a company's tax responsibilities in order to minimise taxes paid while maintaining compliant with applicable laws and regulations. However, Madilo et al. (2022) discovered that efficient tax planning tactics might greatly improve a company's financial performance by decreasing tax payments and boosting after-tax earnings. Furthermore, Tuffour et al. (2022) discovered that organisations with proactive tax planning strategies have greater profitability ratios and return on assets than those with less attention on tax planning. Additionally, Odonkor and Odonkor (2020) validated these findings by demonstrating that organisations that participate in tax planning activities are more likely to have better cash flow management and greater shareholder value. Botha et al. (2023) indicated that businesses that emphasise tax planning are better able to deploy resources and make strategic business decisions (Opoku-Asante et al., 2022). These findings emphasise the need of applying effective tax planning techniques to enhance financial performance and achieve a market competitive edge (Asiedu et al., 2020). Furthermore, good tax planning allows businesses to reduce tax obligations while increasing tax savings, resulting in enhanced profitability (Oeta et al., 2019). Businesses can uncover possibilities for deductions, credits, and incentives that can dramatically influence their bottom line by carefully analysing tax laws and regulations (Madilo et al., 2022). Moreover, a well-executed tax planning approach assures tax law compliance, lowering the danger of fines and legal implications (Musah et al., 2022). As a result, including tax planning into firm financial management is critical for long-term profitability and growth. Corporate

tax planning has a positive and considerable impact on ROA because it helps financial institutions to reduce their tax bills while increasing their after-tax earnings (Tuffour et al., 2022). Banks that manage their corporate taxation effectively are able to take benefit of numerous tax breaks and deductions, which leads to a higher return on assets (ROA). Furthermore, efficient tax planning may aid banks in improving their cash flow and total financial success (Addo-Tham et al., 2020). As a result, it is expected that Corporate Taxation Planning have a favourable impact on ROA:

H₁: Corporate Taxation planning has a positive and significant effect on ROA

Corporate tax planning has a strong beneficial impact on ROE. Banks may minimise their total tax burden and boost their after-tax earnings by successfully handling corporate taxes (Seidu, 2020). As a result, greater profits are maintained inside the firm for reinvestment or redistribution to shareholders, resulting in a better return on equity (ROE) (Seidu, 2020).

Furthermore, proper tax planning enables financial institutions to take advantages of different tax breaks as well as deductions, increasing their ROE along with financial performance as a whole (Madilo et al., 2022). As a result, it is expected that Corporate Taxation Planning have a favourable impact on ROE:

H₂: Corporate Taxation planning has a positive and significant effect on ROE

Corporate tax planning has an important and beneficial effect on ROI because it enables financial institutions to effectively deploy monetary assets and optimise performance. Banks may cut down on all expenditures and raise their net income by effectively handling their tax responsibilities, resulting in a greater return on investment (Wang, 2022). Furthermore, corporate tax planning allows banks to take leverage of different tax breaks and exemptions, increasing their ROI (Sofyan, 2019). As a result, it is expected that Corporate Taxation Planning have a favourable impact on ROI:

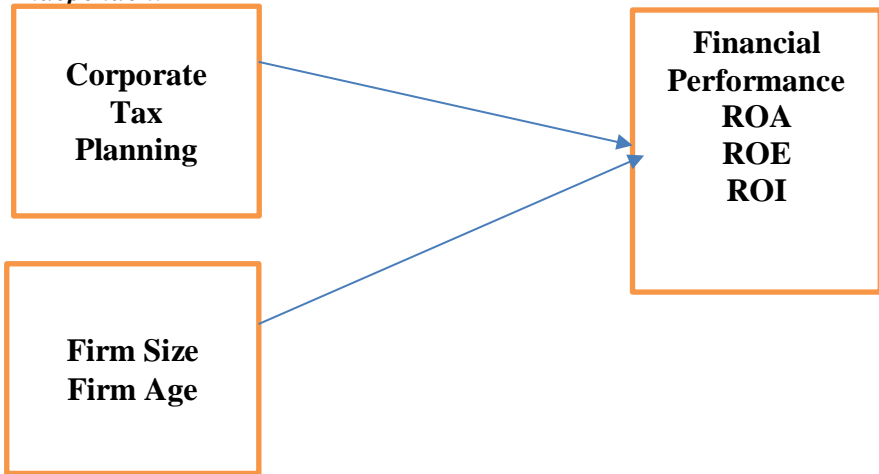
H₃: Corporate Taxation planning has a positive and significant effect on ROI

Conceptual Model/ Framework

The two major pillars of the theoretical model are Modigliani and Miller's theory, and agency theory (see Figure 2.1). Despite the importance of these criticisms, corporate tax planning involves analysing various tax

laws and regulations, identifying potential tax-saving opportunities, and implementing effective strategies to optimise the company's tax position. By carefully planning and structuring the company's financial activities, such as income allocation, deductions, and credits, corporate taxation planning aims to ensure compliance with tax laws while maximising profits for the business (Seidu, 2020). In addition to being a significant source of revenue for individuals, an efficient taxation system may also promote economic development and employment in the economy through its influence on capital creation and development. But then, it appears that businesses have developed strategies to lessen the tax burden as a result of the issues with the tax system, including some that are unlawful (Ohrn, 2008). Independent (Corporate Taxation planning), and variables are all included in the overall idea of dependent (Financial Performance). It is anticipated that examining the effect of corporate taxation planning on the financial performance of Banks.

Independent



Control

Figure 2.1 Conceptual framework

H₁. Corporate Taxation has a positive and significant effect on Financial Performance

Methodology

Research Design

The study employed a descriptive explanatory research design to execute the research work; this is well-suited for exploring relationships among variables as well as providing a detailed understanding of how these variables interact (De Villiers et al., 2019). The explanatory aspect of the design allows the study to delve deeper into the underlying mechanisms with the factors that contribute to these relationships. Furthermore, it enabled the study to identify patterns, associations, and trends within the study data. By collecting and analysing relevant financial and tax-related data from listed financial institutions, the study is able to identify trends in how different tax planning strategies impact different financial performance indicators. This approach provides empirical evidence that can inform your conclusions and recommendations (Benitez et al., 2020). The study also employs a panel research approach due to the nature of the study data. Panel research is particularly useful for studying the effect of a variable on a group of individuals or firms over time (Behl et al., 2022). In this study, the group of firms being studied is the listed firm (banks and manufacturing firms) in Ghana and the variable being studied is the effect of corporate taxation planning on the financial performance of these firms. The choice of panel data is motivated by several reasons. First, it allows for the control of both time-invariant and time-varying variables (Williams et al., 2022), which is important for studying the effect of corporate taxation planning on the financial performance of listed firms in Ghana. Second, it allows for the control of unobserved heterogeneity (Porter et al., 2019), which is important for studying the effect of corporate taxation planning on the financial performance of listed firms in Ghana. Third, it allows for the use of both cross-sectional and time-series data, which is important for studying the effect of corporate taxation planning on the financial performance of listed firms in Ghana.

Study Population

This refers to the specific collection or group of individuals, elements, or entities that are the subject of investigation in a research work (Denscombe, 2017). It is the larger group within which researchers gather

data, draw samples as well as make inferences (Lehdonvirta et al., 2021). According to Asiamah et al. (2017), the study population should be clearly defined in order to ensure that the study findings can be accurately applied to the intended context. The population of the study consists of all eight (8) locally listed commercial banks in Ghana. Therefore, the primary entities of key interest to the study are publicly listed banks and traded on the GSE. These banks form the foundation of the study, as it aims to explore how tax planning practices influence their financial performance.

Sample Size

According to Kaliyadan and Kulkarni (2019), it is the number of individuals, elements, or entities that are included in a research sample of the study. In other words, it is the size of the subset that is selected from a larger population for the purpose of data collection and analysis (Guest et al., 2020). The study employed all eight (8) listed commercial banks in Ghana due to the limited number; these banks included “Access Bank Ghana, Agricultural Development Bank (ADB), CalBank, Ecobank Ghana, GCB Bank, Republic Bank, Societe Generale Ghana, and Standard Chartered Bank Ghana”. Where data from these banks was extracted from 2012 to 2021, spanning a 10-year period.

Sampling Technique

This is a method used in any research in selecting a subset of individuals, elements, or entities from a larger population or group for the purpose of conducting a study (Ragab & Arisha, 2018). Rahman et al. (2022) explains that it is not always necessary or feasible to collect data from an entire population; therefore, researchers employ sampling techniques to gather information from a representative subset of the entire population. Two main forms of sampling technique manifest “probability and non-probability sampling techniques”.

Probability sampling techniques involve the random selection of samples from a population towards the assurance that every element in the population has a known as well as equal chance of being included in the sample (Etikan & Bala, 2017). Some of these techniques include “simple random sampling, stratified sampling, systematic sampling and cluster sampling”. On the other hand, the non-probability sampling techniques do not involve random selection and do not guarantee equal chances for

every element in the population to be included in the sample (Iliyasu & Etikan, 2021). Some of these techniques include “convenience sampling, judgmental or purposive sampling, census sampling, snowball sampling, and quota sampling”. The study employed the census sampling technique to execute the research work. According to Bhatt (2020), it is a method in which data is collected from the entire population rather than from a sample subset. In other words, every single unit or element in the population is included in the study (Latpate et al., 2021). Furthermore, Arndt et al. (2022) adds that, it is most appropriate when the benefits of obtaining information from every single member of the population outweigh the potential drawbacks. Due to the nature of the listed banks in Ghana, where the number of listed banks on the GSE is relatively manageable and small, conducting a census is feasible within the resources and time available for the study.

Sources of Data

The data used in this study is a panel dataset that covered the period from 2012 to 2021. The data set included financial performance data for all the listed banks in Ghana and corporate taxation planning data for the same firms.

The financial performance data includes variables such as ROI, ROA, and ROE while the corporate taxation planning data includes variables such as the ratio of income tax to profit before tax as a measure of tax planning. The data also includes firm-level control variables such as leverage and firm size. The financial performance data and corporate taxation planning data as well as the control variables were collected from the annual reports of the firms and the GSE which is the main source of financial performance data for listed banks in Ghana. The data was cleaned and processed to ensure that it was in a format that could be used for the analysis. The inclusion of firm-level control variables such as leverage and firm size helped control for any potential confounding effects on the relationship between corporate taxation planning and the financial performance of the listed banks. Thus, the data used in this study was secondary data, which is collected from various sources, such as annual reports and data from the GSE. The data was analysed using different statistical techniques such as fixed-effect and random-effect models, and panel regression.

Data Analysis Methods

The methods used in this study are fixed effect and random effect models. The choice of these models is motivated by the need to control for the unobserved heterogeneity of the firms and the time-invariant characteristics that may affect the relationship between corporate taxation planning and financial performance. Fixed effect models are useful for studying the effect of a variable on a group of individuals or firms over time when the group of individuals or firms is considered fixed (Bell et al., 2019). In this study, the group of firms being studied is the listed banks in Ghana which are a fixed group. The fixed effect model is used to control for the unobserved heterogeneity of the firms and the time-invariant characteristics that may affect the relationship between corporate taxation planning and financial performance. Random effect models, on the other hand, are useful for studying the effect of a variable on a group of individuals or firms over time when the group of individuals or firms is considered random (Bell et al., 2019). The random effect model is used to control for the unobserved heterogeneity of the firms and the time-invariant characteristics that may affect the relationship between corporate taxation planning and financial performance when they are random. Similar studies have used fixed-effect and random-effect models to control for unobserved heterogeneity in their analysis.

For instance, authors such as Almaqtari et al. (2019) and Majeed and Mazhar (2019) have used fixed-effect and random models to control for unobserved heterogeneity in their analysis of the relationship between corporate taxation and the financial performance of firms.

Model Specification

The model specification used in this study is a panel regression model. The panel regression model is a type of statistical model that allows for the estimation of the effect of a variable on a group of individuals or firms over time (Behl et al., 2022). In this study, three-panel regression models were used to estimate the effect of corporate taxation planning on the financial performance of listed firms in Ghana. The first-panel regression model is used to estimate the effect of the income tax rate on net income. The model is specified as follows:

$$ROI_{it} = \beta_0 + \beta_1 Income\ Tax\ Rate_{it} + \beta_2 Leverage_{it} + \beta_3 Firm\ Size_{it} + \varepsilon_{it} \quad (1)$$

Where:

ROI_{it} = the return on investment of firm i at time t

$Income\ Tax\ Rate_{it}$ = the corporate tax planning of firm i at time t

$Leverage_{it}$ = the leverage of firm i at time t

$Firm\ Size_{it}$ = the firm size of firm i at time t

ε_{it} = the error term

The second panel regression model is used to estimate the effect of tax incentives on return on assets. The model will be specified as follows:

$$ROA_{it} = \beta_0 + \beta_1 Income\ Tax\ Rate_{it} + \beta_2 Leverage_{it} + \beta_3 Firm\ Size_{it} + \varepsilon_{it} \quad (2)$$

Where:

ROA_{it} = the return on assets of bank i at time t

$Income\ Tax\ Rate_{it}$ = the corporate tax planning of firm i at time t

$Leverage_{it}$ = the leverage of bank i at time t

$Firm\ Size_{it}$ = the firm size of bank i at time t

ε_{it} = the error term

The third panel regression model will be used to estimate the effect of tax compliance on return on equity. The model will be specified as follows:

$$ROE_{it} = \beta_0 + \beta_1 Income\ Tax\ Rate_{it} + \beta_2 Leverage_{it} + \beta_3 Firm\ Size_{it} + \varepsilon_{it} \quad (3)$$

Where:

ROE_{it} = the return on equity of firm i at time t

$Tax\ Compliance_{it}$ = the corporate tax planning of firm i at time t

$Leverage_{it}$ = the leverage of firm i at time t

$Firm\ Size_{it}$ = the firm size of firm i at time t

ε_{it} = the error term

The use of the firm level control variables such as leverage and firm size helped control for any potential confounding effects on the relationship between corporate taxation planning and financial performance of the listed firms.

Diagnostic Testing

To ensure that the panel regression models are appropriate for this study, diagnostic testing was conducted. The diagnostic testing that was conducted included the panel stationarity test and the Hausman test. The panel stationarity test is used to test for the presence of unit roots in the panel data, which can affect the validity of the panel regression models. Two tests were used for the panel stationarity test: the Im-Pesaran-Shin (IPS) test and the Levin-Lin-Chu (LLC) test. The IPS test is a test for unit roots in panel data that allows for cross-sectional dependence (Im et al.,

1997), while the LLC test is a test for unit roots in panel data that allows for both cross-sectional dependence and structural breaks (Levin, et al.,2002). The alternative hypothesis for the panel stationarity test is that there are no unit roots in the panel data, which means that the panel data is stationary. If the panel data is found to be stationary, it means that the panel regression models are appropriate for this study. If the panel data is found to be non-stationary, then the panel regression models may not be appropriate for this study and transformation of the data is needed ((Levin, et al.,2002; Im et al., 1997).

The Hausman test is used to test the assumption of the exogeneity of the independent variables in the panel regression models (Wooldridge, 2010). The Hausman test is conducted to ensure that the independent variables are exogenous which is important for the estimation of the effect of corporate taxation planning on the effect of corporate taxation planning on the financial performance of listed firms in Ghana. For the fixed effect model, the null hypothesis is that the fixed effect is not correlated with the independent variables, and the alternative hypothesis is that the fixed effect is correlated with the independent variables. If the null hypothesis is rejected, it means that the fixed effect model is appropriate for this study. If the null hypothesis is not rejected, it means that the fixed effect model is not appropriate for this study and the random effect model should be used instead (Hamaker and Muthén, 2020). For the random effect model, the null hypothesis is that the random effect is correlated with the independent variables, and the alternative hypothesis is that the random effect is not correlated with the independent variables. If the null hypothesis is rejected, it means that the random effect model is appropriate for this study. If the null hypothesis is not rejected, it means that the random effect model is not appropriate for this study and the fixed effect model should be used instead (Hamaker and Muthén, 2020).

Robustness Checks

To ensure the robustness of the panel regression models, robustness checks are conducted to test for autocorrelation and heteroscedasticity of the error term. These checks are important to ensure that the results of the panel regression models are not affected by these issues. Autocorrelation occurs when the error term is correlated with the lagged error term. Autocorrelation can lead to biased and inefficient estimates of the coefficients in the panel regression models. To test for autocorrelation, the Durbin-Watson test is used. The null hypothesis for the Durbin-

Watson test is that there is no autocorrelation in the error term, and the alternative hypothesis is that there is autocorrelation in the error term. If the null hypothesis is rejected, it means that there is autocorrelation in the error term, and the panel regression models may not be appropriate for this study. In this case, adjustments such as the use of a Generalised Least Squares (GLS) model or the use of a panel data-specific error correction model (ECM) can be used to correct for autocorrelation (Hsiao, C., 2022). Heteroscedasticity occurs when the error term has a different variance across the panel units. Heteroscedasticity can lead to biased and inefficient estimates of the coefficients in the panel regression models.

To test for heteroscedasticity, the White test was used. The null hypothesis for the White test is that there is no heteroscedasticity in the error term, and the alternative hypothesis is that there is heteroscedasticity in the error term. If the null hypothesis is rejected, it means that there is heteroscedasticity in the error term, and the panel regression models may not be appropriate for this study. In this case, adjustments such as the use of a GLS model or the use of a panel data-specific heteroscedasticity-consistent covariance matrix estimator (HCCME) can be used to correct for heteroscedasticity (Hsiao, 2022).

Variables Description and Measurement

The variables used in this study include corporate taxation planning, return on investment, return on assets, return on equity, leverage, and firm size. The following is a description of the variables, their measurement, and the expected results.

Corporate taxation planning: This variable is measured using the income tax rate. The income tax rate is the percentage of income that is paid in taxes. It is expected that a lower income tax rate, higher tax incentives, and higher tax compliance will be associated with better financial performance (Nwokoye et al., 2022).

Return on investment (ROI): This variable measures the efficiency of an investment. It is calculated as the ratio of net income to total investment. A higher return on investment is associated with better financial performance.

Return on assets (ROA): This variable measures the profitability of a company. It is calculated as the ratio of net income to total assets. A higher return on assets is associated with better financial performance.

Return on equity (ROE): This variable measures the profitability of a company in relation to the shareholders' equity. It is calculated as the

ratio of net income to shareholders' equity. A higher return on equity is associated with better financial performance.

Leverage: This variable measures the amount of debt used to finance a company's operations. It is calculated as the ratio of total debt to shareholders' equity. A lower leverage ratio is associated with better financial performance (Myšková and Hájek, 2017).

Firm size: This variable measures the size of a company. It is calculated as the natural logarithm of total assets. A larger firm size is associated with better financial performance (Lin et al., 2019).

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF RESULT

Descriptive Statistics

The descriptive statistics of the variables were summarised in the table 4.1 below. The table included descriptive statistics like “mean, standard deviation, minimum and maximum”. The table shows that the average ROI for the banks during the period of 2012 to 2021 was 24.86 with a deviation of 18.879, ROA also recorded an average value of 2.806 with a deviation of 1.855, ROE also recorded an average value of 17.209 with a deviation of 12.031, again, the average value of income tax rate (ITR) for the banks over the period was 29.0% with a deviation of 14.5%, Fsize also recorded an average value of 21.185 with a deviation of 2.332 and also, the leverage ratio for the banks during the period under investigation is 1.023 with a deviation of 0.390. The results of the descriptive statistics show that the standard deviation for the means is low indicating that the data cluster around the mean.

Table 1 Descriptive Statistics

Variables	Minimum	Maximum	Mean	Std. Deviation
ROI	0.023	85.737	24.859	18.879
ROA	-3.700	7.500	2.806	1.855
ROE	-27.400	39.500	17.209	12.031
ITR	0.000	0.827	0.290	0.145
Fsize	14.003	23.488	21.185	2.332
LEV	0.001	1.541	1.023	0.390

Correlation Analysis

Under this section, the correlation analysis for the dependents and the independent variables is provided. The researcher used Pearson correlation coefficients to find the interrelationship between the variables. The results are outlined in the table 4.2 below. The results from the table shows that income tax rate (ITR) is negatively and moderately connected with ROA and ROE but positively and weakly connected with Fsize, leverage and ROI ($r=0.083, P>.05$; $r=0.119, P>.05$; $r=0.093, P>.05$; $r=-0.208, P<.05$; $r=-0.218, P<.05$). Firm size also has negative and moderate connection with ROI, positive connection with ROA and ROE but weak connection with leverage ($r=-0.083, P>.05$; $r=-0.210, P<.05$; $r=0.358, P<.05$; $r=0.374, P<.05$). Leverage ration has no significant connection with any of the variables, ROI is negatively connected with ROA while ROA is positively and strongly connected with ROE.

Table 2 Correlation Statistics is Negatively and Moderately

Variables	1	2	3	4	5	6
ITR	1					
Fsize	0.083	1				
LEV	0.119	-0.083	1			
ROI	0.093	-.210*	0.147	1		
ROA	-.208*	.358**	-0.03	-.212*	1	
ROE	-.218*	.374**	-0.075	-0.103	.839**	1

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

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

Heteroskedasticity Test

For the OLS estimation to work, it is assumed that the error or term has a constant variance of two and that the variance of the error or term is the same in all observations where it occurs. A homoscedastic error or phrase describes this kind of discrepancy. Heteroskedasticity is the term used when this assumption is true and the variance changes across various observations (Khin et al., 2017). Table 4.3 shows the results. From the table Breusch-Pagan-Gordon test for heteroskedasticity in ROI has (Chi-Sq=0.56; Pr=0.4553), ROA has (Chi-Sq=8.35; Pr=0.004) and ROE has (Chi-Sq=13.73; Pr=0.000). The p-value for ROA and ROE is significant at 5% while ROI is not significant, therefore, the null hypotheses for

ROA and ROE is rejected and it is concluded that the variance are non-constant indicating the presence of heteroskedasticity. However, the null hypothesis for ROI is accepted and it can be concluded that there is a presence of constant variance indicating the absence of heteroskedasticity in the independent variables.

Table 3 Heteroskedasticity Test: Breusch-Pagan-Godfrey

Variables	Chi-square test value	Prob > chi2
ROI	0.56	0.4553
ROA	8.35	0.004
ROE	13.73	0.000

Hausman Test for ROI

Using the pooled, fixed, and random effects module is one way to analyse panel data. In this analysis, the study used the Hausman test to choose the optimal ROI model. According to the null hypothesis, correct estimates of the random effect on methods should provide comparable coefficients, whereas correct estimates of the fixed effect on methods should yield the same results (the alternative hypothesis). If the Hausman statistic revealed different coefficients for the two estimates, the null hypothesis will be rejected that randomness plays no role. Because of this, a Hausman statistic that may be rejected would be indicated by a finding that the fixed effects module alone is sufficient. As can be shown in table 4.4, the results of the Hausman tests for ROI support the null hypothesis of a random-effect model (Prob > chi2 value =0.5609 >.05). These results establish the effectiveness of the random effect method for analysing panel data.

Table 4 Hausman Test Result for ROI

Indices	Coef.
$\chi^2(7) = (b-B)[(V_b - V_B)^{-1}](b-B)$	2.06
Prob > chi2	0.5609

Random Effect Regression Results for ROI

Using the data shown in table 4.5. below, it can be concluded that the model has an overall R2 of 0.0433. This suggests that the explanatory variable ITR accounted for (4.3% of the total variance in the dependent

variable (ROI). ROE in banks may vary for a variety of reasons 4.3% are attributable to variables within the scope of the study, and 95.7% are attributable to factors outside the scope of the study). Also, the F-statistic reveals the combined importance of the model's slope parameters, demonstrating the overall relevance of the variables.

The model's null assumptions were accepted, and the Wald chi2 was 3.35. The model does not fit the data well. Here, the R-squared and Wald chi2 indicate that the implemented model of this study is not sufficiently fitted to suggest that corporate taxation do influence banks' performance (ROI).

The Independents Variables (Corporate Taxation Planning) and ROE

The constant (intercept) indicating the mean of the ROI with the value of 27.480 is not statistically significant (Sig 0.449 > 0.05) as shown in the table 4.5.

The results in the table 4.5 shows that ITR has no significant effect on ROI with coefficient of 3.005 and a p-value of 0.813 > .05. This finding implies that the banks' ITR do not have any effect on the investment return as a percentage of initial capital invested. These findings do not support the propose assumption in the study, indicating that ROI for the banks will remain constant even if ITR changes.

Control Variables

The used firm level variables such as firm size and leverage were used in the study as control variables.

The results in the table 4.5 shows that firm size has no significant effect on ROI with coefficient of -0.866 and a p-value of 0.595 > .05. This finding implies that firm size has no effect on ROI for the banks. The findings also indicate that leverage ratio has no significant effect on ROI with coefficient of 14.622 and a p-value of 0.104 > .05. This finding implies that the leverage ratio for the banks have no effect on ROI for the banks.

Table 5 Random Effect for ROI

ROE	Coef.	St.Err.	t-value	p-value
ITR	3.005	12.681	0.24	0.813
Fsize	-0.866	1.629	-0.53	0.595
Leverage	14.622	9.006	1.62	0.104
Constant	27.480	36.287	0.76	0.449

Overall r-squared	0.0433	Number of obs	90
Wald chi2	3.35	Prob > chi2	0.3411
R-squared within	0.0421	R-squared between	0.073

Hausman Test for ROA

Using the pooled, fixed, and random effects module is one way to analyse panel data. In this analysis, the study used the Hausman test to choose the optimal ROA model. According to the null hypothesis, correct estimates of the random effect on methods should provide comparable coefficients, whereas correct estimates of the fixed effect on methods should yield the same results (the alternative hypothesis). If the Hausman statistic revealed different coefficients for the two estimates, the null hypothesis will be rejected that randomness plays no role. Because of this, a Hausman statistic that may be rejected would be indicated by a finding that the fixed effects module alone is sufficient. As can be shown in table 4.6, the results of the Hausman tests for ROA support the alternative hypothesis of a fix-effect model (Prob > chi2 value =0.0020 <.05). These results establish the effectiveness of the fix effect method for analysing panel data.

Table 6 Hausman Test Result for ROA

Indices	Coef.
$\text{chi2}(7) = (b-B)'[(V_b-V_B)^{-1}](b-B)$	14.78
Prob > chi2	0.0020

Fix Effect Regression Results for ROA

Using the data shown in table 4.7. below, it can be concluded that the model has an overall R2 of 0.0689. This suggests that the explanatory variable ITR accounted for 10.89% of the total variance in the dependent variable (ROA). ROA in banks may vary for a variety of reasons (10.89% are attributable to variables within the scope of the study, and 89.11% are attributable to factors outside the scope of the study). Also, the F-statistic reveals the combined importance of the model's slope parameters, demonstrating the overall relevance of the variables. The F-statistic was 2.44 which is significant at 5%. In a satisfactory way, the model fits the

data. Here, the R-squared and F-statistics indicate that the implemented model of this study is sufficiently fitted to suggest that corporate taxation planning do influence banks' performance (ROA).

The Independents Variables (Corporate Taxation Planning) and ROA

The constant (intercept) indicating the mean of the ROA with the value of 15.686 is statistically significant (Sig 0.014 <0.05) as shown in the table 4.7. The results in the table 4.7 shows that ITR has no significant effect on ROA with coefficient of -0.907 and a p-value of 0.520>.05. This finding implies that the banks' ITR do not have any effect on the assets with the profit they produce over a set period of time. These findings do not support the propose assumption in the study, indicating that ROA for the banks will remain constant even if ITR changes over time.

Control Variables

The results in the table 4.7 shows that firm size has a negative significant effect on ROA with coefficient of -0.574 and a p-value of 0.048>.05. This finding implies that firm size will decrease ROA for the banks. The findings also indicate that leverage ratio has no significant effect on ROA with coefficient of -0.454 and a p-value of 0.731>.05. This finding implies that the leverage ratio for the banks have no effect on ROA for the banks.

Table 7 Fix Effect for ROA

ROA	Coef.	St.Err.	t-value	p-value
ITR	-0.907	0.1.405	-0.65	0.520
Fsize	-0.574	0.286	-2.01	0.048**
Leverage	-0.454	1.315	-0.35	0.731
Constant	15.686	6.254	2.51	0.014**
Overall r-squared	0.1089	Number of obs	90	
F _(8,78)	2.44	Prob > F	0.0207	
R-squared within	0.0690	R-squared between	0.6049	

Hausman Test for ROE

Using the pooled, fixed, and random effects module is one way to analyse panel data. In this analysis, the study used the Hausman test to choose the optimal ROE model. According to the null hypothesis, correct estimates of the random effect on methods should provide comparable coefficients, whereas correct estimates of the fixed effect on methods should yield the same results (the alternative hypothesis). If the Hausman statistic revealed different coefficients for the two estimates, the null hypothesis will be rejected that randomness plays no role. Because of this, a Hausman statistic that may be rejected would be indicated by a finding that the fixed effects module alone is sufficient.

As can be shown in table 4.8, the results of the Hausman tests for ROE support the alternative hypothesis of a fix-effect model (Prob > chi2 value =0.000 <.05). These results establish the effectiveness of the fix effect method for analysing panel data.

Table 8 Hausman Test Result for ROE

Indices	Coef.
chi2(7) = (b-B)'[(V_b-V_B)^(-1)](b-B)	13.73
Prob > chi2	0.000

Fix Effect Regression Results for ROE

Using the data shown in table 4.9. below, it can be concluded that the model has an overall R2 of 0.0565. This suggests that the explanatory variable ITR accounted for (5.65% of the total variance in the dependent variable (ROE). ROE in banks may vary for a variety of reasons 5.65% are attributable to variables within the scope of the study, and 94.35% are attributable to factors outside the scope of the study). Also, the F-statistic reveals the combined importance of the model's slope parameters, demonstrating the overall relevance of the variables. The F-statistic was 3.50 which is significant at 5%. In a satisfactory way, the model fits the data. Here, the R-squared and F-statistics indicate that the implemented model of this study is sufficiently fitted to suggest that corporate taxation planning do influence banks' performance (ROE).

The Independents Variables (Corporate Taxation Planning) and ROE

The constant (intercept) indicating the mean of the ROE with the value of 76.922 is statistically significant (Sig 0.017< 0.05) as shown in the table

4.9. The results in the table 4.9 shows that ITR has no significant effect on ROE with coefficient of -0.219 and a p-value of 0.290>.05. This finding implies that the banks' ITR do not have any effect on the generated returns on investment they received from their shareholders. These findings do not support the propose assumption in the study, indicating that ROE for the banks will remain constant even if ITR changes.

Control Variables

The results in the table 4.9 shows that firm size has a no significant effect on ROE with coefficient of -2.315 and a p-value of 0.192>.05. This finding implies that firm size has no effect on ROE for the banks.

The findings also indicate that leverage ratio has no significant effect on ROE with coefficient of -7.813 and a p-value of 0.338>.05. This finding implies that the leverage ratio for the banks have no effect on ROE for the banks.

Table 9 Fix Effect for ROE

ROA	Coef.	St.Err.	t-value	p-value
ITR	-9.219	8.651	-1.07	0.290
Fsize	-2.315	1.759	-1.32	0.192
Leverage	-7.813	8.100	-0.96	0.338
Constant	76.922	38.519	2.00	0.049**
Overall r-squared	0.0565	Number of obs	90	
F _(8,78)	3.50	Prob > F	0.0017	
R-squared within	0.0640	R-squared between	0.3468	

Discussion for Results

This section displays the study's most important findings which will be explained in the context of the relevant literature. The main objective is to examine the effect of corporate taxation planning on the financial performance of listed Banks in Ghana. The key findings are discussed in the sections below.

Corporate Taxation Planning and Return on Investment

The study set out to examine the influence of corporate taxation planning on return on investment in the banks. The findings demonstrated that corporate taxation planning has no significant effect on return on investment. This finding implies that the corporate taxation planning does not have any effect on the assets with the profit the banks produce over a set period of time. These findings do not support the propose assumption in the study, indicating that return on investment for the banks will remain constant even if corporate taxation planning changes over time.

The results imply that companies' efforts to reduce tax liabilities by deducting business-related transportation costs, employee health insurance premiums, office expenses, retirement planning costs, child care costs, and charitable contributions will not result in a corresponding increase in banks' assets over a given time period. Yet, contrary evidence from other research found that corporate tax planning significantly impacted banks' ROI. Overesch & Wolff (2021) performed research that demonstrated the relationship between company tax obligation and firm profitability.

The results do not back up Scholes-Wolfson theory, which stresses the importance of tax planning by elaborating on the provision of detailed taxation, the amounts of taxes imposed (whether verbally or nonverbally), and the corresponding overall cost associated with the tax (whether real or anticipated). Tax planning, according to Oktaviyani & Munandar (2017), may have an adverse effect on the economy, industry, society at large, and the financial performance of businesses. Without a comprehensive tax strategy, the government may not be able to generate enough money to maintain essential services like hospitals, roads, and schools, all of which the poor rely on (Agyei et al., 2020). The results do not also corroborate Wada (2021) assertion that managers' primary responsibilities lie with making corporate tax and investment decisions. To avoid fines, businesses who fail to pay their corporate taxes before the end of each year are in violation of the law. To maximise value for stockholders, a firm must develop, and smart investment decisions are essential to that growth.

Corporate Taxation Planning and Return on Assets

The study also examined the influence of corporate taxation planning on return on assets of financial institutions. The findings obtained from the study showed that corporate taxation planning has no significant

connection with return on assets for both the financial and non-financial institutions. This finding implies that the corporate taxation planning does not have any effect on the assets with the profit that financial firms produce over a set period of time. These findings do not support the propose assumption in the study, indicating that ROA for the financial institutions will remain constant even if corporate taxation planning changes over time. The findings imply that the profit made by both financial firms over a given time period will not lead to an increase in the firms' assets due to the deduction of business-related transportation costs, employee health insurance premiums, office expenses, retirement planning costs, child care costs, and charitable contributions. Nguyen et al. (2020) argued that corporation taxes influenced company choices related to financial performance; however, the present data do not support this view. Also, Galdeano al. (2019), trade-off argument adds that businesses will incur a budget deficit at which the cost of tax havens from more debt is neutralised. This finding do not support the findings of Seidu et al. (2021), who found that improved tax administration may leads to increase in profits of certain Ghanaian enterprises. According to Saidu (2018), tax planning has a direct influence on financial performance, and strategic tax planning may increase a company's value.

Many have found that combining good business governance with tax planning may provide acceptable rates of return. Tanko et al. (2023) concluded that corporate taxation planning had a substantial influence on ROA, however, the results of the current study contradict that finding. As an additional complication, the results do not support those of Bashiru et al. (2020), Fagbemi et al. (2019), and Ado et al. (2021), all of whom found that corporate taxation planning positively improves ROA.

Corporate Taxation Planning and Return on Equity

The study also set out to examine the influence of corporate taxation planning on return on equity for the financial institutions. The findings demonstrated that corporate taxation planning has no significant effect on return on equity for financial institutions. Implying that corporate taxation planning does not have any effect on the generated returns on investment for financial institutions received from their shareholders. These findings do not support the propose assumption in the study, indicating that ROE for the firms will remain constant even if corporate taxation planning changes.

The findings imply that returns on equity of financial firms from their

shareholders will not rise in conjunction with the amount of money saved by the companies through tax deductions for things like transportation costs, employee health insurance premiums, office expenses, retirement planning costs, child care costs, and charitable contributions. Several previous research in this area do not support the findings. For example, a study by Kariuki (2017), found a beneficial and statistically significant connection between corporate tax planning and financial performance. In addition, Ifurueze et al. (2018) analysed the impact of corporate tax planning on the financial performance of enterprises in the consumer goods sector listed on the Nigerian Stock Exchange by analysing their annual reports and accounts and there is a strong correlation between tax strategy and business success. The results disprove the agency view theory of tax planning, which posited that managers whose individual goals were at odds with the organisation as a whole may use tax savings to line their own coffers (Noviari & Suaryana, 2020).

Summary, Conclusion And Recommendations For Future Research

Summary of Findings

The main objective is to examine the effect of corporate taxation planning on the financial performance of listed Banks in Ghana. The most important findings are subdivided and presented with reference to the aforementioned analyses and the earlier studies. When viewed in light of the aims of the study, the findings that are presented below are entirely reasonable.

Corporate Taxation Planning and Return on Investment

The study set out to examine the influence of corporate taxation planning on return on investment in the banks. The findings demonstrated that corporate taxation planning has no significant effect on return on investment. This finding implies that the corporate taxation planning does not have any effect on the assets with the profit the banks produce over a set period of time. These findings do not support the propose assumption in the study, indicating that return on investment for the banks will remain constant even if corporate taxation planning changes over time. The results imply that companies' efforts to reduce tax liabilities by deducting business-related transportation costs, employee health insurance premiums, office expenses, retirement planning costs, child

care costs, and charitable contributions will not result in a corresponding increase in banks' assets over a given time period.

Corporate Taxation Planning and Return on Assets

The study also examined the influence of corporate taxation planning on return on assets of financial institutions. The findings obtained from the study showed that corporate taxation planning has no significant connection with return on assets for both the financial and non-financial institutions. This finding implies that the corporate taxation planning does not have any effect on the assets with the profit that financial firms produce over a set period of time. These findings do not support the propose assumption in the study, indicating that ROA for both the financial institutions will remain constant even if corporate taxation planning changes over time. The findings imply that the profit made by financial firms over a given time period will not lead to an increase in the firms' assets due to the deduction of business-related transportation costs, employee health insurance premiums, office expenses, retirement planning costs, child care costs, and charitable contributions.

Corporate Taxation Planning and Return on Equity

The study also set out to examine the influence of corporate taxation planning on return on equity for the financial institutions. The findings demonstrated that corporate taxation planning has no significant effect on return on equity for financial institutions. Implying that corporate taxation planning does not have any effect on the generated returns on investment for financial institutions received from their shareholders.

These findings do not support the propose assumption in the study, indicating that ROE for the firms will remain constant even if corporate taxation planning changes. The findings imply that returns on equity of financial firms from their shareholders will not rise in conjunction with the amount of money saved by the companies through tax deductions for things like transportation costs, employee health insurance premiums, office expenses, retirement planning costs, child care costs, and charitable contributions. Several previous research in this area do not support the findings.

Conclusion

The main objective is to examine the effect of corporate taxation planning on the financial performance of listed Banks in Ghana. To achieve the objective, the study employed a quantitative research approach based on the use of secondary information from the corporate annual reports. Both descriptive and correlational methods were used in the research.

Correlations between the study's variables were determined with the use of this methodology. All commercial banks listed on GSE were included in the analysis. A representative cross-section of banks was obtained by a purposive sampling approach. Data from 2012–2021 was collected from the firms' annual report. Descriptive and correlation analyses were performed on the data. Panel data analysis (including both random and fixed effects Model) was utilised to evaluate the association between the independent and the dependent variables. The findings showed that, corporate taxation planning has no significant effect on financial performance (ROI, ROA and ROE) for the financial institutions. The results imply that the financial institutions efforts to reduce tax liabilities by deducting business-related transportation costs, employee health insurance premiums, office expenses, retirement planning costs, child care costs, and charitable contributions will not result in a corresponding increase in their financial performance.

Recommendation

The main objective is to examine the effect of corporate taxation planning on the financial performance of listed Banks in Ghana. From the findings, corporate taxation planning was shown to have no significant effect on financial performance (ROI, ROA and ROE) for the financial and institutions. The results imply that the financial institutions efforts to reduce tax liabilities by deducting business-related transportation costs, employee health insurance premiums, office expenses, retirement planning costs, child care costs, and charitable contributions will not result in a corresponding increase in their financial performance. Although, the results of the study showed that corporate taxation has no significant effect on financial performance for the firms, several studies conducted in this field demonstrated the significant role played by taxation planning in shaping the financial performance of companies, the researcher therefore, elaborate the recommendations below based on the findings from the study and earlier related studies.

- As indicated in literature taxation planning has play a crucial role in improving the performance of companies, for this, the banks must use strategic tax planning in order to guarantee that tax savings are put to good use in improving their financial performance.
- Corporate managers should use tax planning strategies to expand and fortify the firm's financial performance as part of corporate tax planning.
- Listed and unlisted businesses alike would do well to use lawful corporate tax planning strategies that lead to greater financial performance, since doing so increases shareholder value. That's why it's so important for tax professionals to educate and alert businesses to the potential gains from strategic tax planning that may boost shareholder value.
- The research concluded that in order to optimise profits and reap the advantages of tax shield, financial and firms in Ghana should investigate other tax planning methods such as tax incentives, vat incentives, and pioneer status.

Future Research Direction

Just one proxy for corporate tax planning which is income tax rate (ITR) and two controls firm level variable which were financial leverage and firm size were explored. In reality, there are a multitude of additional variables that might impact a company's financial performance. Future researchers should increase both the number of independent variables and the number of control variables that may be used to analyse their effect on financial performance. Moreover, there was no apparent connection between corporate tax planning and financial performance. Other proxies of corporate taxation planning, such as Inventory Intensity, Capital Intensity, leverage, Effective Tax Rate (ETR), etc., should be investigated in the future.

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