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Improving Tax Planning Practices and Their Impact on the Market Value of Companies Engaged in Sports Services Activities

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ABSTRACT

The study aimed to identify the impact of tax planning practices on the market value of companies engaged in sports services activities. The study population consisted of companies engaged in sports services with investment activities in the sports sector, according to the Sports Law No. (71) of 2017. The researchers selected a purposive sample of these companies, which amounted to (11) companies, and applied the study to the employees of the concerned companies, which amounted to (243) people. In addition, a pilot sample of (30) individuals was selected from outside the main research sample, Data and information were collected based on reports from the Ministry of Youth and Sports, financial reports of companies engaged in sports service activities, as well as a questionnaire on tax planning practices administered to the study sample, The study concluded that tax planning practices have an impact on the market value of sports service companies. In addition, there are differences in tax planning practices among the companies studied.

Keywords: Tax Planning, Market Value, Sports Service Companies.

INTRODUCTION

Tax revenue is one of the most important basic resources that the state uses to cover its expenditures and achieve some economic and social goals (Blaufus et al., 2019). Therefore, taxes represent an obligation of the company to the state and society that must be fulfilled (Kawor & Kportorgbi, 2014). As a result, tax compliance is linked to the social dimension and the community's perception of the company (Graham, Hanlon, Shevlin, & Shroff, 2014). Therefore, any decrease in tax revenue will affect the state's ability to achieve its development goals and implement projects that serve society as a whole (Mgammal & Ku Ismail, 2015).

Sports represent an important sector among the active sectors in the Egyptian state due to the strength, abundance, and diversity of organizations in this field. The Egyptian sports sector is composed of different sectors (governmental, civil, private), and these sectors include many organizations, including sports service companies, which affect and are affected by the Egyptian economy.

Given the importance of this issue, the state promptly enacted complementary legislation after the issuance of the Egyptian Constitution in 2014, including the Sports Law No. 71 of 2017. Within this framework, several executive regulations were issued to organize Egyptian sports affairs. Among them was the regulation for granting licenses to sports service companies No. (1124) of (2017), which was amended by Resolution No. (125) of (2018).

Tax evasion and planning have emerged as a key policy concern for international organizations and governments, especially in the aftermath of the current financial crisis (Abdul Wahab, Ariff, Madah Marzuki, & Mohd Sanusi, 2017). This increased attention stems from the challenging fiscal conditions affecting the global economy (DHAHRI, 2020) and governments' pressing need for corporate tax revenues (Armstrong, Blouin, Jagolinzer, & Larcker, 2015). Strategic tax planning is a legitimate management tool to take advantage of legislation and regulatory changes to develop investment strategies that legally minimize tax liabilities or optimize tax obligations (Bayar, Huseynov, & Sardarli, 2018).

Tax planning is a core function of tax management used to estimate tax liabilities and identify legitimate tax optimization strategies (Chukwudi, Okonkwo, & Asika, 2020). The impetus for tax planning is generally derived from three tax elements: tax policy, tax legislation, and tax authorities (Iriyadi, Nilda, & Rini, 2020). Tax planning involves the design and implementation of various strategies to reduce the amount of taxes paid by companies over a given period of time (Erixson & Escobar, 2020), while also aiming to minimize tax liabilities in order to free up more funds to cover expenses, invest, or achieve growth. In this way, tax planning also contributes to finding sources of working capital (Khaoula & Moez, 2019).

Tax planning refers to the lawful effort to minimize tax liabilities by taking advantage of provisions in tax laws, relevant legislation, executive regulations, interpretative and procedural guidelines, and official circulars and publications issued by tax authorities (Fagbemi, Olaniyi, & Ogundipe, 2019). It involves a systematic and logical analysis aimed at formulating a financial plan that optimizes tax-related benefits while aligning with overall financial objectives (Feller & Schanz, 2017). The main objective of tax planning is to identify methods to achieve financial benefits by reducing tax liabilities (Heitzman & Ogneva, 2019).

Tax planning constitutes an ongoing policy rather than a time-bound activity, as it systematically incorporates all tax-related administrative decisions and strategies to minimize the tax burden to the lowest legally permissible level (Ilaboya, Izevbekhai, & Ohiokha, 2016). Crucially, this process does not necessarily involve tax avoidance or direct tax reduction (Zaqeeba & Iskandar, 2020). Instead, tax planning may involve reducing the real value of taxes by delaying their payment (Oeta, Kiai, & Muchiri, 2019) and taking advantage of the time value of money, such as through tax installment plans or deferrals, to cover certain expenses whenever possible (Lee, 2020).

Undoubtedly, the primary objective of firms is to ensure business continuity, growth, and long-term sustainability in the competitive business environment (Santana & Rezende, 2016). The achievement of these strategic objectives is fundamentally dependent on the ability of management to develop effective plans and strategies aimed at maximizing the market value of the firm (Santana & Rezende, 2016). Given the intense competition that characterizes today's business environment, firms are under increasing pressure to improve profitability as part of a broader value creation strategy. This is often pursued through cost reduction and improved operational efficiency (Ni, Huang, Chiang, & Liao, 2019).

Market value is considered one of the most critical indicators for companies due to its importance to financial analysts, investors, and shareholders (Wibowo & Fuad, 2018). This value is influenced by the level of demand (Wibowo & Fuad, 2018) and is also shaped by various economic factors, especially the forces of supply and demand, which in turn are influenced by the profitability of a firm relative to its competitors (vu, DuVal, Quilliam, & Santos, 2016). In particular, market value is sensitive to the rate and consistency of payouts to shareholders. The higher and more regular the dividend payments, the higher the firm's market value tends to be (Emerson, Yang, & Xu, 2020). These stakeholders, influenced by the perceived value of distributed profits, are strongly motivated to ensure the quality of these profits due to their positive impact on market value (Blaufus, Möhlmann, & Schwäbe, 2019).

Moreover, market value is a key piece of information observed by investors, shareholders, and financial analysts (Mirjamali Mehrabadi, Najafizadeh, & Ghafari Ashtiani, 2021), as it reflects the stock market's perception of the company's future success and potential. It relies heavily on the estimation of intangible assets, which, although difficult to measure, are widely recognized by analysts and economists as critical to determining value. There is a consensus on their importance, even though they are not easily quantifiable (Sukesti, Ghozali, Fuad, KHARIS ALMASYHARI, & Nurcahyono, 2021), as these assets significantly influence a company's market value (Ma, 2021).

The Egyptian state seeks to encourage investment to play its role in economic activity, as investment is considered a fundamental driver of economic development. In light of the savings gap that affects most developing economies, including Egypt, the government has made various efforts to attract investments, such as issuing the Investment Guarantees and Incentives Law No. (72) of 2017, along with other laws, including the Unified Tax Law, the Customs Law, amendments to the Economic Courts Law, among others, all of which aim to create a more favorable investment climate. Despite the state's reform efforts to attract investment, capital inflows remain below the desired level, which calls for additional structural reforms to overcome obstacles that hinder investment growth.

Moreover, market value is a key piece of information observed by investors, shareholders, and financial analysts (Mirjamali Mehrabadi, et al., 2021), as it reflects the stock market's perception of the company's future success and potential. It relies heavily on the valuation of intangible assets, which are difficult to measure but are widely recognized by analysts and economists as critical to determining value. There is a consensus on their importance, even though they are not easily quantifiable (Sukesti, et al., 2021), as these assets significantly influence the market value of a company (Ma, 2021).The new Egyptian Sports Law aims to encourage the practice of various types of sports and expand the base of sports participants. It seeks to regulate the sports sector by establishing a framework that regulates sports activities, sports institutions, licensing for the establishment of facilities, and venues for the practice of sports activities. The law also includes provisions for the licensing and supervision of sports facilities and enterprises. In addition, the proposed sports system aims to promote investment in the sports sector, attract and develop local and international sports investment, increase transparency in all sports-related activities and fields, and curb illegal practices.

The new Egyptian Sports Law aims to encourage the practice of different types of sports and expand the base of sports practitioners. It seeks to regulate the sports sector by establishing a framework that organizes sports activities, sports entities, and licensing for the establishment of facilities and venues for practicing sports activities. In addition, the law provides for the licensing and supervision of sports organizations and enterprises. The Sports System Project also aims to promote investment in the sports sector, develop and attract local and international sports investment, increase transparency in various sports activities and fields, and reduce illegal practices.

Accordingly, the Sports Law introduced a new and expansive area for investment. This direction has been further reinforced by the Egyptian Investment Law, which recognizes investment in the sports sector as including all services provided in the field of sports, whether in the form of management, marketing, operations, administration of sports activities, or the establishment of institutions and investment companies in the sports sector.

As a result, the scope of production for entities and companies operating in the sports sector and subject to taxation has expanded, particularly those engaged in providing sports-related services. These entities are required by law to comply with tax regulations and to meet their tax obligations. Failure to do so constitutes tax evasion and may result in criminal liability. Given the relatively recent introduction of taxation in the sports sector and the emergence of new regulations imposing tax obligations on such entities, the situation calls for both stricter regulatory oversight and increased tax awareness.

The application of tax planning practices by companies providing sports services has become an essential component of the state's comprehensive development policy in various sectors, given its positive impact on the success of reform and development processes. However, this approach is not yet a common trend among many sports service companies. Instead, many of these companies try to evade their tax obligations through various methods and strategies.

Tax planning in its various forms and levels - from less risky to more aggressive approaches - has become widespread in the business environment. This practice has a significant impact on national budgets, particularly in developing countries that rely heavily on corporate taxes to finance their projects. In addition, aggressive tax planning undermines competition among companies, especially local companies that are unable to implement such practices. A study by Balakrishnan et al. (Balakrishnan, Blouin, & Guay, 2019) confirmed that aggressive tax planning is associated with reduced transparency within firms. The study found that companies face a trade-off between tax benefits and financial transparency when determining the level of aggressiveness of their tax planning strategies.

This topic has attracted our attention, especially as new fiscal and economic policies are actively encouraging investment in various sectors (Fernández-Rodríguez, García-Fernández, & Martínez-Arias, 2021), with sports being one of the most prominent. These developments have opened a wide avenue for tax collection in a previously untapped area. Consequently, there is an urgent need to identify tax planning practices and the factors influencing them in companies involved in sports services. Furthermore, it is important to examine the impact of the use of tax planning practices on the market value of sports service companies. This is in line with the recommendation of Adefunke & Usiomon (Adefunke & Usiomon, 2022), who emphasized that tax policy should take into account the specific conditions of business activities in the country and the critical role they play in contributing to national economic growth. They advocate the integration of tax incentives and positive tax reforms that can reduce the tax burden and liability of businesses to encourage their operations.

LITERATURE REVIEW

In terms of tax planning, the findings of Kawor & Kportorgbi (Kawor & Kportorgbi, 2014) suggest that companies are less likely to engage in aggressive tax planning activities when tax authorities maintain low corporate tax rates. The study also suggests that tax planning has a neutral effect on firm performance. Furthermore, the study by Bilicka et al. (Bilicka, Clancey-Shang, & Qi, 2022) found that the efficiency of multinational companies in implementing tax planning has a positive impact on future cash flows, which in turn has a positive impact on stock returns. In addition, Chukwudi et al. (Chukwudi, et al., 2020) confirmed the impact of tax planning on firm value and emphasized the need to promote the effective use of tax rates as a basis for achieving growth**.**

The findings of Cooper & Nguyen (Cooper & Nguyen, 2020) further highlight that the implementation of corporate governance mechanisms helps reduce tax planning practices and significantly contributes to enhancing firm value by improving financial performance.

In addition, Iriyadi et al. (Iriyadi, et al., 2020) found that the motivations behind corporate tax planning include ensuring cash availability, managing cash flows, and income engineering. Their study suggests that tax planning decisions are based on a comparison between the expected tax savings for the firm and its shareholders. On the other hand, Lee (Lee, 2020) found that when firms expect higher earnings performance in the near future, they tend to engage more actively in tax planning during the current fiscal year as a means of managing both expected tax and non-tax costs.

The study by Heitzman & Ogneva (Heitzman & Ogneva, 2019) confirmed that stock returns tend to increase in line with a company's inclination toward tax planning practices. Similarly, Khaoula & Moez (Khaoula & Moez, 2019) emphasized the importance of tax planning in reducing tax liabilities, in addition to achieving higher post-tax cash flows. The findings of Fagbemi et al. (Fagbemi, et al., 2019) indicated that corporate tax planning influences financial performance, depending on the specific tax planning strategies adopted by the firm. Additionally, Feller & Schanz (Feller & Schanz, 2017) highlighted that the implementation of preferred tax planning methods varies according to the authority level of the tax manager. Their study also showed that the most significant determinants of corporate tax planning help explain the substantial variation in tax expenditures among firms. The findings of Biahu & Amahalu (Abiahu & Amahalu, 2017) revealed a statistically significant negative relationship between taxation and dividend policy, indicating that taxation has a considerable impact on how companies distribute profits.

In terms of market value, the findings of Ana & Younghwan (Tulcanaza-Prieto & Lee, 2022) revealed a positive relationship between real earnings management and firm value. They also found a relationship between leverage, firm size, and firm value. Finally, the study concluded that an increase in real earnings management leads to an increase in firm value. Similarly, the study by Dang et al. (Dang, Nguyen, & Tran, 2020) confirmed that earnings quality is positively associated with firm value and market value. However, certain determinants were found to be detrimental to firm value, such as financial leverage, market-to-book ratio, and sales growth.

In contrast, David et al. (Emerson, et al., 2020) found that tax avoidance has a negative effect on firm market value. Meanwhile, Blaufus et al. (Blaufus, et al., 2019) showed that legitimacy is an important moderating factor that modifies the effect of tax planning on firm value. The study by Ling et al. (Ling & and Abdul Wahab, 2019) confirmed a negative relationship between both permanent and temporary book tax differences and the market value of equity.

Furthermore, Yensen (Ni, et al., 2019) found that firms that raise funds for capital budgeted projects may experience an increase in firm value. However, firm value may not be realized if operating cash flows increase due to higher sales but profit margins decrease, or if profits shrink due to a decline in market share as a result of competitive pressures. According to Wibowo (Wibowo & Fuad, 2018), substantial earnings management based on overproduction contributes to an increase in firm value.

Additionally, the findings of Silvio & Amaury (Santana & Rezende, 2016) indicated that tax avoidance does not create firm value as previously believed. On the contrary, tax avoidance has a negative impact on firm value due to implicit agency costs, which diminish and adversely affect company value. Finally, the study by Quang et al. (vu, et al., 2016) suggested that the new measure of earnings management based on total book-tax differences is stronger and more comprehensive than traditional accrual-based earnings management measures. The study also found that investors are influenced by earnings management, indicating a relationship between book-tax differences and market value.

Hypotheses:

(H1) : Companies engaged in sports services activities implement a high level of tax planning practices.
(H2) : There are differences in the market value among companies engaged in sports services activities.
(H3) : Tax planning practices influence the market value of companies engaged in sports services activities.

METHODOLOGY

Sample Selection and Data Sources

The population of the study consists of companies engaged in investment-based sports service activities, in accordance with the Sports Law No. (71) of the year (2017). The researchers selected a purposive sample from these companies, a total of 11 companies, based on the following criteria:

- The license must be permanent, not temporary.
- The company must be licensed before 2019.
- The value of the license in Egyptian pounds must exceed EGP 15,000.

A questionnaire on tax planning practices was administered to the employees of the selected companies, which amounted to 243 individuals. In addition, a pilot sample of 30 individuals was selected from outside the main research sample to verify the scientific validity and reliability of the questionnaire. Table (1) illustrates this.

Table (1). Companies Engaged in Sports Services under Study

No.	Company Name	Sample Size	License Value (in EGP)
1	Estadat Company for Management of Sports Facilities & Events	45	900.00
2	Fitness Technology for Sports Services	8	15,000
3	Champions Factory	12	18,750
4	Misr for Tourism Development	28	225,000
5	I.S. Egypt Club Company	19	75,000
6	Lavina FC Club Company	18	75,000
7	Matrix Sport Company	33	750,000
8	Egypt Multi Trade for Investment	25	125,000
9	International Company for Sports Services & Marketing	24	125,000
10	Elite Club Company	15	25,000
11	Khaleeji for Sports Development	16	62,500
	Total	243	2,396,250

The data and information were collected on the basis of reports from the Ministry of Youth and Sports, financial reports from companies providing sports services, and a questionnaire on tax planning practices administered to the study sample.

Measurement of Variables

Dependent Variable

It is represented by the market value of companies engaged in sports services, which can be assessed using four different methods as indicated by (Pawlak & Smolen, 2009):

1. ***Asset-Based Method*** - it is an estimation of the total value of the company's assets minus its liabilities, which usually reflects the book value of assets.
2. ***Income-Based Method*** - this involves estimating the total value of the company's current and future income. The most appropriate measure in this context is cash flow, as it already takes into account the debts incurred and their repayment.
3. ***Market-Based Method –*** This involves estimating the hypothetical price of the company if it were sold in a free market, based on market information regarding the actual prices achieved in complete company sale transactions.
4. ***Mixed Method*** - This involves calculating either the arithmetic average or the weighted average of the values obtained from the asset, income and market-based methods.

Independent Variable

The independent variable is tax planning, which is measured through a questionnaire developed by the researchers. This questionnaire was based on the studies of Kawor & Kportorgbi (Kawor & Kportorgbi, 2014), Bilicka et al. (Bilicka, et al., 2022), Chukwudi et al. (Chukwudi, et al., 2020), and Cooper & Nguyen (Cooper & Nguyen, 2020). The final questionnaire consists of 4 dimensions and 21 items to assess the level of tax planning. To ensure its validity, the questionnaire was tested on a pilot sample of 30 individuals, using the following scoring system:3 points if the item is fully applicable to the company,2 points if the item is somewhat applicable,1 point if the item is not applicable,The total score represents the company's level of tax planning.

The study relied on SmartPLS4 Partial Least Squares Structural Equation Modeling (PLS-SEM) software. PLS-SEM offers several advantages to researchers, including its independence from the normality of the data distribution, its suitability for small sample sizes, and its ability to handle latent variables. In addition, PLS-SEM is preferred for predictive purposes over traditional theory testing approaches and is particularly useful when researchers face challenges or limitations in collecting large data sets without compromising the validity of the findings (Pahlevan Sharif & Sharif Nia, 2018).

Data Validity

Questionnaire Reliability

In order to verify the reliability of the tax planning practices questionnaire developed by the researchers, it was administered to a pilot sample of 30 individuals. The results showed that:

- The internal consistency validity of the questionnaire ranged between (0.62 and 0.89).
- Cronbach's alpha for the entire questionnaire was 0.88, indicating high reliability.

All values were statistically significant, confirming the validity and reliability of the questionnaire.

Descriptive Statistics

Table (2). Descriptive statistics

variables	Mean	Min	Max	SD	Kurtosis	Skewness
ABV	2547.64	178.00	10000.00	3352.87	1.74	1.77
CF	2397.30	165.00	9900.00	3229.90	2.01	1.81
HP	2157.98	225.00	11250.00	3001.82	8.67	2.86
MVMIX	2367.64	189.33	9500.00	2927.15	2.33	1.81
TPSC1	10.73	9.00	13.00	1.14	-0.32	0.64
TPSC2	12.46	11.00	15.00	1.16	0.65	0.95
TPSC3	9.00	6.00	14.00	2.73	-0.97	0.72
TPSC4	7.82	5.00	10.00	1.64	-1.31	-0.23
TPSC	39.91	32.00	51.00	5.52	-0.22	0.63

Table (2) shows that the skewness values for all independent and dependent variables fall between +3 and -3, indicating that they follow a normal distribution.

Multicollinearity

Table (3). Correlation matrix &Multicollinearity Test

variables	ABV	CF	HP	MVMIX	TPSC1	TPSC2	TPSC3	TPSC4	VIF
ABV	1.000								-8.94
CF	0.999	1.000							-8.30
HP	0.645	0.609	1.000						-7.16
MVMIX	0.970	0.957	0.812	1.000					-6.12
TPSC1	0.616	0.626	0.178	0.526	1.000				4.097
TPSC2	0.532	0.551	-0.005	0.404	0.855	1.000			3.800
TPSC3	0.821	0.823	0.532	0.798	0.616	0.576	1.000		3.377
TPSC4	0.606	0.597	0.610	0.660	0.364	0.331	0.751	1.000	2.385

Table (3) shows that the study data does not have multicollinearity issues. This is evidenced by the correlation matrix of independent and dependent variables and the Variance Inflation Factor (VIF) values, which are all below the threshold of 5 (MacCallum, F., J., & and Hong, 2001).

FINDINGS

The researchers will present the findings as follows, given the study hypotheses:

The First Hypothesis:

"Companies engaged in sports services activities implement a high level of tax planning practices."
In line with the study's objectives, questions, and hypotheses, the researchers collected data related to tax planning practices using a questionnaire developed by the research team. The findings were as follows:

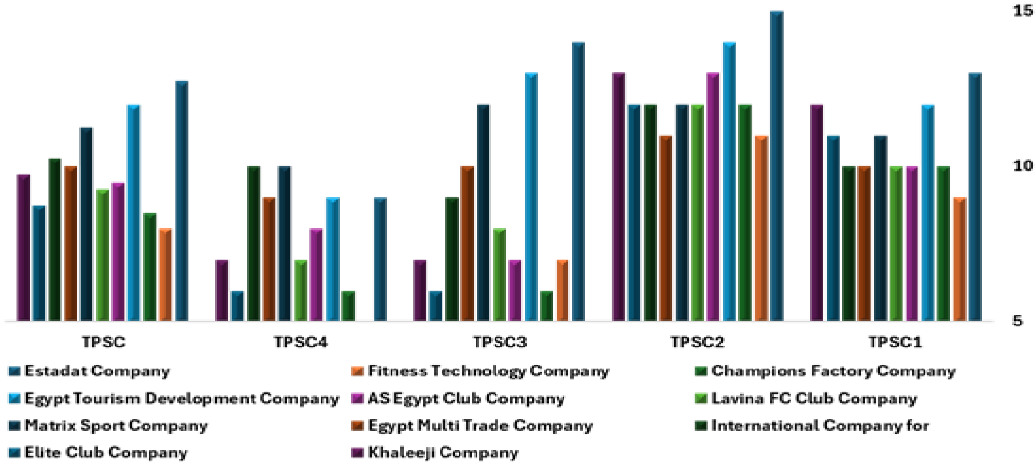

Figure 1

The level of tax planning practices in companies providing sports services

From Figure (1), it is clear that the level of tax planning practices varies among the sports services companies surveyed. Methods of tax planning practices ranked second, with company practices ranging between (9 to 11), for a total of 118 points. Tax planning challenges ranked first, with company scores ranging from (11 to 15), for a total of 137 points. Financial and accounting policies ranked third, with company scores ranging from (7 to 14), for a total of 99 points. Finally, tax incentives and benefits ranked fourth and last, ranging from (5 to 9), with a total of 86 points. The overall average level of tax planning practices ranged between (8 to 12.75), with a total average of 110 points. Estadat Company for Managing Sports Facilities and Events ranked first in tax planning practices, with an average score of 12.75. Fitness Technology for Sports Services ranked lower, with an average score of 8 points.

The Second Hypothesis:

"There are differences in the market value among companies engaged in sports services activities."

In light of the objectives, questions and hypotheses of the study, the researchers collected data related to the market value practices of companies operating in the field of sports services. The data were obtained from the reports of the Ministry of Youth and Sports and the financial reports of these companies. The evaluation was based on four different methods and the results were as follows:

Asset-Based Method:

Based on the book value of assets of the company.

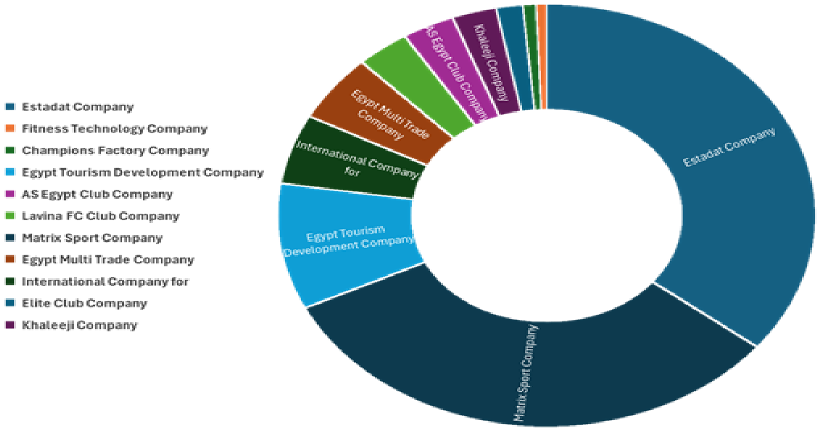

Figure 2

Book Value of Assets Sports services companies

Source: Authors

Income-Based Method:

Based on the cash flows of the company.

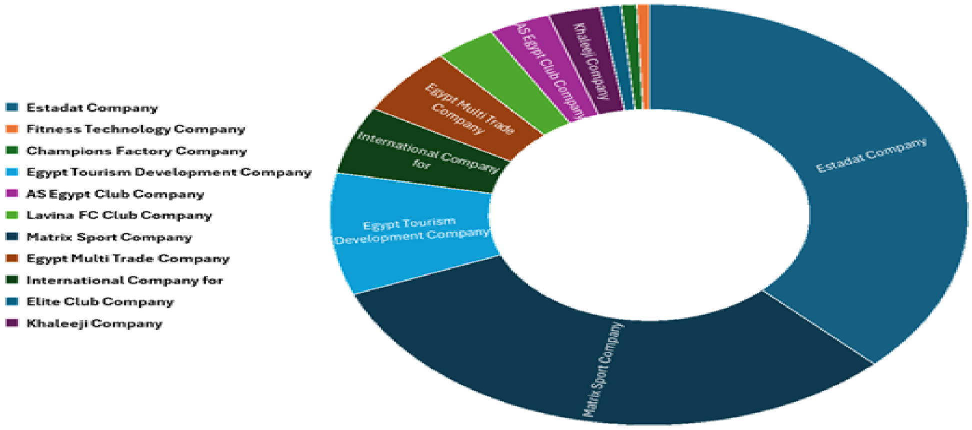

Figure 3

Cash Flows Sports services companies

Source: Authors

Market-Based Method:

Based on the hypothetical price of the company if sold.

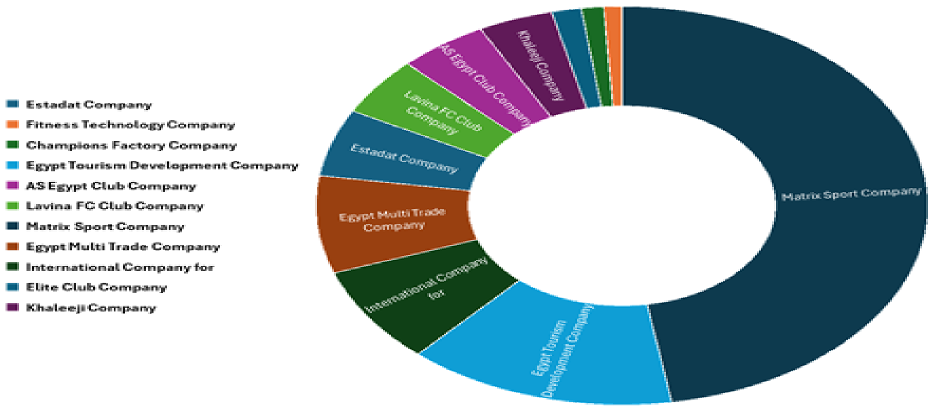

Figure 4

Hypothetical Price Sports services companies

Source: Authors

Mixed Method:

Based on calculating the mean or weighted average of the asset-based, income-based, and market-based methods.

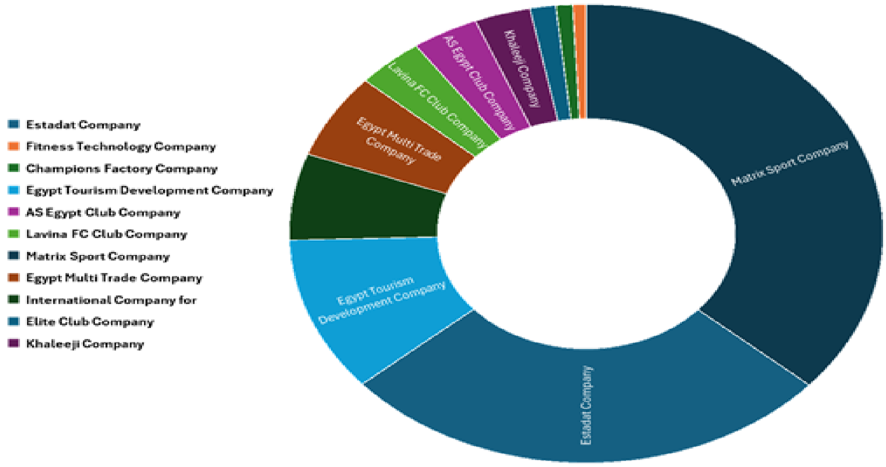

Figure 5

Mixed method Sports services companies

Source: Authors

Figures (2), (3), (4) and (5) show that there is a difference in the market value of the sports service companies studied depending on the valuation method used:

Asset-Based Method:

Estadat Company for Managing Sports Facilities and Events ranked first with a book value of assets totaling 10,000,000 EGP, while Fitness Technology Company for Sports Services ranked last with 178,000 EGP.

Income-Based Method:

Again, Estadat Company ranked first in terms of cash flows, totaling 9,900,000 EGP, while Fitness Technology Company came last with 165,000 EGP.

Market-Based Method:

Matrix Sport Company was ranked first based on its hypothetical sale price, totaling 11,250,000 EGP, while Fitness Technology Company ranked last with 225,000 EGP.

Mixed Method:

Matrix Sport Company also ranked first with an average market value of 9,500,000 EGP, while Fitness Technology Company ranked last with an average of 189,000 EGP.

The Third Hypothesis:

"Tax planning practices influence the market value of companies engaged in sports services activities."

Construct Reliability and Measurement Model Validity

Table (4)

Table (4): Reliability and Validity of the Constructs

Items	Loadings	Alpha	CR	AVE	VIF
MV		0.952	0.966	0.878	-8.94
ABV	0.982				-8.30
CF	0.973				-7.16
HP	0.776				-6.12
MVMIX	0.998				
TPSC		0.848	0.895	0.683	
TPSC1	0.812				4.10
TPSC2	0.778				3.80
TPSC3	0.924				3.38
TPSC4	0.784				2.39

Source: Researchers' analysis using SmartPLS4 outputs.

Table (4) shows that Cronbach's Alpha values range from 0.776 to 0.998, all of which are above the recommended threshold of 0.70, indicating strong internal consistency of the data. To further ensure data reliability, the Composite Reliability (CR) values—also referred to as rho_c—were calculated and found to be 0.966 for MV and 0.895 for TPSC. These values exceed the recommended level of 0.70 (Henseler et al., 2016), confirming the reliability and validity of the measurement instruments used in this study. This is visually supported in Table (4) and Figure (6).

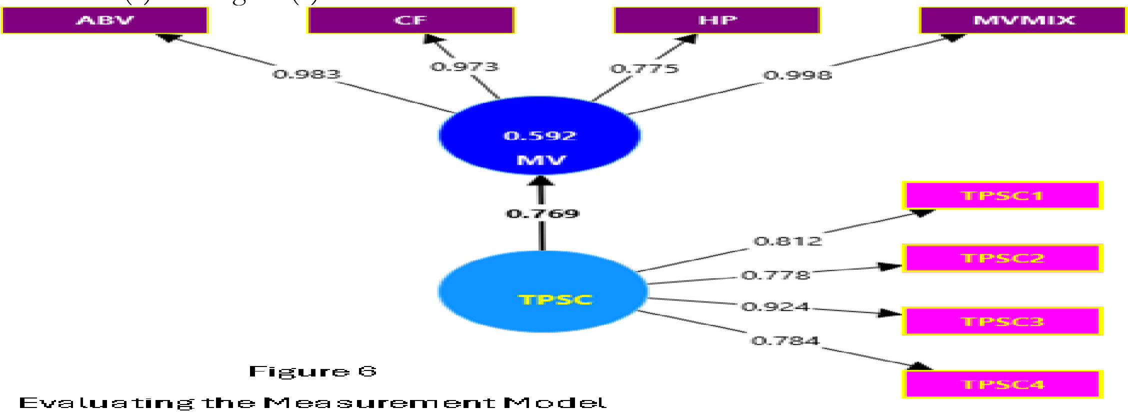

Figure 6
Evaluating the Measurement Model

Structural Model Analysis

The analysis relies on the Variance Inflation Factor (VIF) and Coefficient of Determination (R^2) (Hair, Risher, Sarstedt, & Ringle, 2019). As shown in Table (3), the VIF values range between (-8.94 to 4.10), which is below the permissible threshold of (5) (MacCallum, et al., 2001). Additionally, the results for the Coefficient of Determination (R^2) indicate that the variation in the dependent variable (market value), explained by the independent variable (tax planning practices), is (0.592), which exceeds the benchmark of (0.50) (Henseler, Hubona, & Ray, 2016). This suggests that tax planning accounts for a moderate proportion of the variation in market value for companies engaged in the sports services sector.

To test the study's hypotheses, researchers conducted path analysis for the structural model to assess the statistical significance of the relationships between study variables. A significance level of 0.05 was set, and Table (5) presents the results of the path analysis.

Table (5). Path Analysis for the Study Hypotheses

Hypothesis	Relationship	B-value	SD	t-value	p-value	Decision
H1	TPSC → MV	0.769	0.100	7.719	0.000	Supported

Source: Prepared by the researchers using SmartPLS4 output.

The results of the path analysis indicate that tax planning practices significantly affect the market value of companies engaged in the sports services sector. The analysis yields a B-value of 0.769, a T-value of 7.719, and a P-value < 0.05, supporting the hypothesis.

DISCUSSION OF THE FINDINGS

An analysis of previous studies-including Bilicka et al. (Bilicka, et al., 2022), Chukwudi et al. (Chukwudi, et al., 2020), Cooper & Nguyen (Cooper & Nguyen, 2020), Ling et al. (Ling & and Abdul Wahab, 2019), Yensen (Ni, et al., 2019), and Wibowo (2018)-reveals findings consistent with the current study. Collectively, these studies found that firms' tax planning efficiency has a positive impact on cash flows and that tax planning practices have a positive impact on firm value. They also found that the use of corporate governance mechanisms helps reduce aggressive tax planning practices and significantly contributes to maximizing firm value by improving financial performance. In addition, firms that increase funding for capital budgeting projects may experience an increase in firm value. However, it was also found that firm value may not be realized if operating cash flows increase due to higher sales but profit margins decline, or profits shrink due to reduced market share resulting from competitive pressures. Finally, it was shown that earnings management based on overproduction can lead to an increase in firm value.

Similarly, studies by Iriyadi et al. (Iriyadi, et al., 2020), Lee (Lee, 2020), Khaoula & Moez (Khaoula & Moez, 2019), Ana & Younghwan (Tulcanaza-Prieto & Lee, 2022), Dang et al. (Dang, et al., 2020), and David et al. (Emerson, et al., 2020) emphasized that a firm's motives for engaging in tax planning should include ensuring liquidity and managing cash flows. These studies also found that firms with strong future earnings performance actively engage in current-year tax planning to manage potential future tax and non-tax costs. In addition, they highlighted that the importance of tax planning practices and cash flows increases after taxes are deducted. In addition, there is a positive relationship between real earnings management activities and firm value, with the conclusion that an increase in real earnings management leads to an increase in firm value. They also confirmed that earnings quality is positively related to both firm value and market value.

In light of the findings of the researchers and based on a review of previous studies, as well as tax planning practices and tools, the researchers propose the following measures as ways to improve tax planning practices in achieving market value for sports service companies:

First: Regarding Company Management

- ***Corporate Governance Implementation***

  Work to implement corporate governance frameworks, monitor their implementation, and evaluate them to ensure transparency. This helps limit aggressive tax planning practices, thereby increasing shareholder value.

- ***Leverage Technology in Tax Accounting***

  The use of technology in tax accounting processes leads to faster completion, improved accuracy of calculations, and enhanced confidentiality of information.

- ***Establish a Tax Planning Department***

  It is essential to create a dedicated tax planning department to track all updates related to tax exemption laws. The company should focus on educating and training employees in this department by having them attend relevant courses, conferences and workshops on tax regulations.

- ***Align Tax Benefits with National Objectives***

  Link the use of government-granted tax benefits or exemptions to the company's contribution to achieving the national economic plan. In addition, link these benefits to the company's social, environmental, and developmental roles, thereby reducing some of the government's obligations.

- ***Select Competent Managers***

  Management must give priority to hiring managers with strong management skills, as their management styles, personal attributes, and expertise enable them to use available resources efficiently and thereby create value for the company. As a result, companies should include management skills as a key personal attribute in their executive selection criteria.

- ***Capitalize on Investment Opportunities***

  Capitalize on available investment opportunities to increase future profits and enhance competitive advantage. This will positively impact the achievement of long-term market value.

Second: Regarding Regulatory Authorities:

- ***Understand Tax Planning Practices***
- Examine the dual effects of tax planning - its potential negative effects from the government's perspective and its positive results from the company's perspective - in an effort to harmonize the objectives of both parties and ensure mutual benefit without harming either side.
- ***Periodic Review of Tax Legislation***
- Ongoing evaluation of tax laws to assess the extent to which incentives and exemptions granted to certain sectors are being used in tax planning. Authorities should determine whether the benefits of such incentives outweigh the potential loss of revenue due to reduced tax collection.
- ***Clear and Precise Tax Legislation***
- Ensure that tax laws are drafted with clarity and precision to minimize loopholes that can be exploited for aggressive tax planning that significantly reduces government revenues needed to meet societal needs and promote social welfare.
- ***Penalties for Abusive Tax Practices***
- Enact laws that impose swift fines or penalties on companies found guilty of abusive tax practices that negatively impact the national economy.
- ***Training and Awareness Programs***

- Organize training sessions and workshops for accountants and auditors to educate them about tax planning mechanisms, their implications, and associated risks.
- ***Legislative Exploitation Assessment***
- Tax legislators in Egypt should evaluate the extent to which existing tax laws are effectively used to facilitate an acceptable level of tax planning.
- ***Technical and Ethical Auditing Standards***
- Develop technical indicators and controls for tax accounting during audits, and integrate these measures with ethical and environmental values to ensure full compliance.

Third: Regarding Investors

- ***Promote Investor Awareness:***

  Investors should be encouraged to deepen their understanding of the positive role that effective tax planning practices play in enhancing the market value of companies operating in the sports services sector and their broader impact on the Egyptian economy.

KEY FINDINGS:

- Tax planning practices have a significant impact on the market value of sports service companies.
- There are differences in tax planning practices among the sports service companies surveyed. Stadats Company for the Management of Sports Facilities and Events ranked first in the level of tax planning practices, while Fitness Technology for Sports Services ranked last.
- There are differences in tax planning approaches among the companies surveyed. Tax planning challenges ranked first, followed by tax planning methods in second place, financial and accounting policies in third place, and tax benefits and incentives in fourth place.
- Overall, the level of tax planning practices among sports service companies was low.
- Companies differ in their market value depending on the valuation method used.
- Stadats Company ranked first in terms of book value of assets, while Fitness Technology ranked last.
- Stadats Company also ranked first in cash flow, while Fitness Technology again ranked last.
- The estimated hypothetical sale price of Matrix Sport ranked first, while Fitness Technology ranked last.
- Using the mixed valuation method, Matrix Sport ranked first, and Fitness Technology ranked last.

RECOMMENDATIONS

- It is necessary to focus on the implementation of tax planning strategies for companies engaged in sports services in order to achieve improvements in financial performance.
- Legal provisions should be included in the Sports Law to guide sports service companies on the mechanisms used in tax planning in order to avoid resorting to tax evasion.
- Accounting information should be prepared and structured for tax planning purposes in sports service enterprises.
- Governance mechanisms should be activated in sports service companies as they have a positive impact on promoting proper tax planning practices and reducing tax evasion.
- Continuous measurement of the market value of sports service companies should be ensured.
- Attention should be paid to diversifying the methods used to measure the market value of sports service companies.

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APPENDIX A: TAX PLANNING PRACTICES QUESTIONNAIRE

No.	Statement	Yes	To Some Extent	No
	First Axis: Tax Planning Practices Methods:			
1	Taking advantage of costs that are deductible from the tax base.			
2	Deferring tax as much as possible by recognizing all costs.			
3	Selecting and changing the legal structure by forming legal entities from a tax perspective.			
4	Using transfer pricing.			
5	Managing profits and smoothing income.			
	Second Axis: Tax Planning Challenges:			
6	Lack of understanding and ambiguity of legal texts.			
7	Lack of internal regulations governing how these companies operate.			
8	Variety and multiplicity of taxes and fees due.			
9	Instability in the administrative system within these companies.			
10	Weak performance of the tax departments in responding to the needs of these companies.			
11	Negligence by the officials of these companies.			
	Third Axis: Financial and Accounting Policies:			
12	Relying on funding sources aligned with tax planning objectives.			
13	Practicing financial and administrative procedures and leveraging accounting flexibility.			
14	Appointing a tax advisor or specialist for tax matters.			
15	Classifying payroll expenses and the like to achieve tax savings.			
16	Taking advantage of tax savings when choosing between accounting methods.			
	Fourth Axis: Tax Benefits and Incentives:			
17	Taking advantage of all exemptions provided for in the Tax Code and related laws.			
18	Taking advantage of incentives to file self-assessments.			
19	Extending the review and audit period to take advantage of timing opportunities.			
20	Obtaining expansion exemptions following the requirements of the Investment Incentives Law.			
21	Submitting tax returns on time to avoid paying fines.			