

**CORRELATION OF AUDITS AND CORPORATION TAX EVALUATION AND
AVOIDANCE :A CASE STUDY AT MUNATAH AND COMPANY CONSULTANTS**

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DECLARATION

I, the undersigned WAAKO LIONEL MICHAEL hereby declare that am the sole author of this research proposal . To the best of my knowledge this research proposal contains no material previously published by any other person except where due acknowledgement has been made.

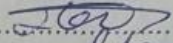
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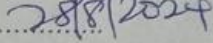
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APPROVAL

This research report by WAAKO LIONEL MICHEAL on “Correlation of audits and corporation tax evaluation and avoidance, A case study at Munatah and Company Consultants” has been done under my supervision and is now ready for submission with my approval.

Mr. AHABWE ALEX,

Signature : 

Date : 

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I wish to recognize and send my gratitude to the Almighty God for the guidance and protection throughout my life .I wish to greatly thank my colleagues who have been the source of information during my time during this exercise .

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1.0 Abstract

Munatah and company located in the heart of Jinja City plays a crucial role in the auditing and tax administration in almost the entire region . The topic Correlation of audits and corporation tax evaluation and avoidance basically gives light to the use of principles of auditing in tax administration so as to create a structure from which auditing is relevant to taxation . Auditing being a principle mostly used in performance of a business and rarely applied in other business aspects such as taxation so as to guide entities on how to overcome the burden of tax liability .

Transparency and accountability , most principles of auditing provide accountability and transparency as their managers . This is to say application these are used in taxation to determine accuracies and proper computations . Timely assessments of these can yield into a good firm reputation

Other aspects such as assessment of the internal controls enable the company determine ways of mitigating the tax liability and come up with proper ways in which taxes are computed and filed by the entity so as to create a proper image in the community .

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

In this chapter addresses the background , objectives , research questions , scope , and so on as seen below . This chapter gives an insight of the world of auditing interconnecting with taxation

In a dynamic world audits influence several aspects of the financial , accounting , decision making and taxation however the main aspect that's to be discussed is the taxation aspect of a business entity or corporation . The correlation between audits and corporate tax evaluation and avoidance , in the event that corporate tax is evaluated correctly there are privileges that come along such as corporate tax avoidance . Corporate tax avoidance is the reduction of the burden of corporate tax by an entity based on the quality of audits given in the tax audit (Wang et al. 2020 Saragih and Ali 2021)

1.2 Background

.There are several aspects in auditing that enhance taxation in terms of computations , filings and management . This topic enables the readers see how auditing influences tax behaviors such as avoidance and so on . In this way the readers are able to apply principles of auditing to create a more accurate and effective tax system that enables creates confidence in the tax system . A study on the correlation between the quality of audits and corporate tax evaluation and avoidance should be carried to enable evaluation of corporate tax figures in terms of accuracy and enable corporate tax avoidance . Tax avoidance enables saving and savings and investments by entities so as boost the global economies , this is because tax avoidance can reduce on the tax burden (**Dechow et al. 2010**).

1.3 Problem Statement

Audits greatly affects the amount of retained earning which are to be shared among the shareholders in anRetained earnings are crucial to the existence of an entity , therefore the correlation of the quality of the entity tax evaluation . The goal of an entity being to maximize retained earnings must find a high correlation in quality between the audits and corporate tax evaluation so as to get an amount reduced or avoided . This is crucial in attracting more shareholders and other parties to invest in the entity .

The correlation between audits and corporate tax evaluation and avoidance . In light of increasing risk exposure, more complex business models, and higher economic uncertainty, tax avoidance activity is expected to intensify, especially in times of crisis and firms' financial constraints . Therefore, besides firms' corporate governance mechanisms, the role of external auditors increases (Maydew and Shackelford 2020), with an expected positive outcome in terms of financial reporting quality, as long as

auditors prevail in defending their independence, knowing they can provide tax consulting services as well (Chyz et al. 2023), and their focus is sufficiently oriented towards the corporate tax function of the firms audited (Blaufus et al. 2023).

1.4 Objectives

1.4.1 Research Objectives

1.4.2 General Objectives

- I. To evaluate the accuracy of financial statements and corporate tax filings, ensuring that they are prepared in accordance with applicable tax laws and regulations.
- II. To assess and determine the effectiveness of internal controls related to corporate tax processes and reporting.
- III. To provide recommendations used in tax planning activities such as tax avoidance in compliance with tax laws to reduce on tax liabilities .
- IV. To ensure transparency and accountability in tax reporting and compliance practices, promoting good governance and ethical behavior within the organization.
- V. To promote a trust relationship between the entity and the government .

1.4.3 Specific Objectives

- I. To promote assurance to several stakeholders interested in the entity such as government , shareholders and so on in relations to tax compliance .
- II. To assess the accuracy of tax provisions through auditing of financial statements of an entity .

1.5 Research Questions to be addressed

- I. Does the quality of audits affect the rate of corporate tax ?
- II. Does the quality of audits influence the rate of corporate tax avoidance ?
- III. Does corporate tax evaluation influence tax avoidance rates ?

1.6 Scope of Research

1.6.1 Content Scope

Tax Compliance to tax laws

Audits play a key role in bringing a final amount or rate to the entity , in this way to comply to the tax laws of a country the entity shall fulfil it's tax obligations as required .

Assessment of tax avoidance strategies Audits enable an entity to come up with techniques and strategies . This is evident in the way an internal control system by taking advantage of legal loopholes in the corporate tax system .

Tax risk assessment

Audits under the principles of risk management enable identification of tax risks and impact of the corporate tax risk on the retained earnings of the organization . Therefore audits enable proper management of tax risk .

Improves tax governance

Correlation of audits and corporate tax evaluation reveal an actual amount that is meant to be paid by the entity . Therefore an entity has the obligation of using an audit to administer the corporate tax rates which are meant to paid by the entity hence creating an improvement in tax governance .

1.6.2 Geographical Scope

This study was carried out at Munatah and Company an Audit firm in Jinja Central Division . The firm is located in Jinja City and privately owned . It's among the few audit and tax consultant firms in Jinja dealing in all tax types and audit services . The firm has been in operation for the last 12 years and has another branch in Kampala around Kololo area . It's management is based in Jinja to the other branch .

1.6.3 Time Scope

This research has been carried out for 1 year from 2023 – 2024. The firm is experiencing growth since 2023 and expanding it's operations hence releasing a limited scope of time because of the complexity involved in taxation and auditing management .

1.7 Relevance of the Study

Below is the relevance of the study carried out ;

1) Organizational Structure

The study findings to the management of Munatah and company should acquire information that deals with on the structure of the hierarchy in power . This is to enable management have an organized system and avoid segregation of duties so as to avoid manipulation by the different individuals in the organization .

2) Auditing operation role in regulation of Tax operations

The Tax Firm uses several aspects in management of tax and auditing of tax operations , through each step from the collection of data to the final stages of finalizing so as to ensure a proper relationship of the audits and corporation tax and other taxes and enable tax corrections that enable avoidance of a certain percentage so as to save on taxes paid .

3) Scholars and other concerned parties

The research carried out was carried add to the fundamentals of auditing , taxation and savings / investment . Auditing having exposes the loopholes in the taxation operations which enable tax savings over time , this can also be called tax avoidance . Tax savings enable room for investment in a business and an economy hence enabling business growth in companies . Several gaps in the tax system of a company can be fulfilled through carrying out of proper audits .

1.8 Justification

Munatah and Company has annual corporation tax reports for the year ended (2021/22) having an indicated an improvement in tax savings cause of proper audits . Recent research carried out by De Simone ,L, & Olbert , M (2019) , and Wang, Y , Campbell , J. L , & Hansen J. C (2019) . These researchers have studied the correlation between audits and evaluation of corporation tax and tax avoidance . They indicated that a proper audit can lead to a proper corporation tax evaluation which enables tax savings through tax avoidance . The research further explains the effect of the correlation of audits on corporation tax evaluation . To improve on tax savings the company aims at creation of a proper audit team and policies are put in place . The audits made in the direction of corporation tax are to rectifications and corrections .

On the otherhand , proper correlation between audits and corporation tax evaluation and tax avoidance enables correction of errors and cases of fraud hence enabling tax savings . Tax savings refer to the

amount of money or income saved from taxes , tax savings can be used to invest in the company to boost its growth .

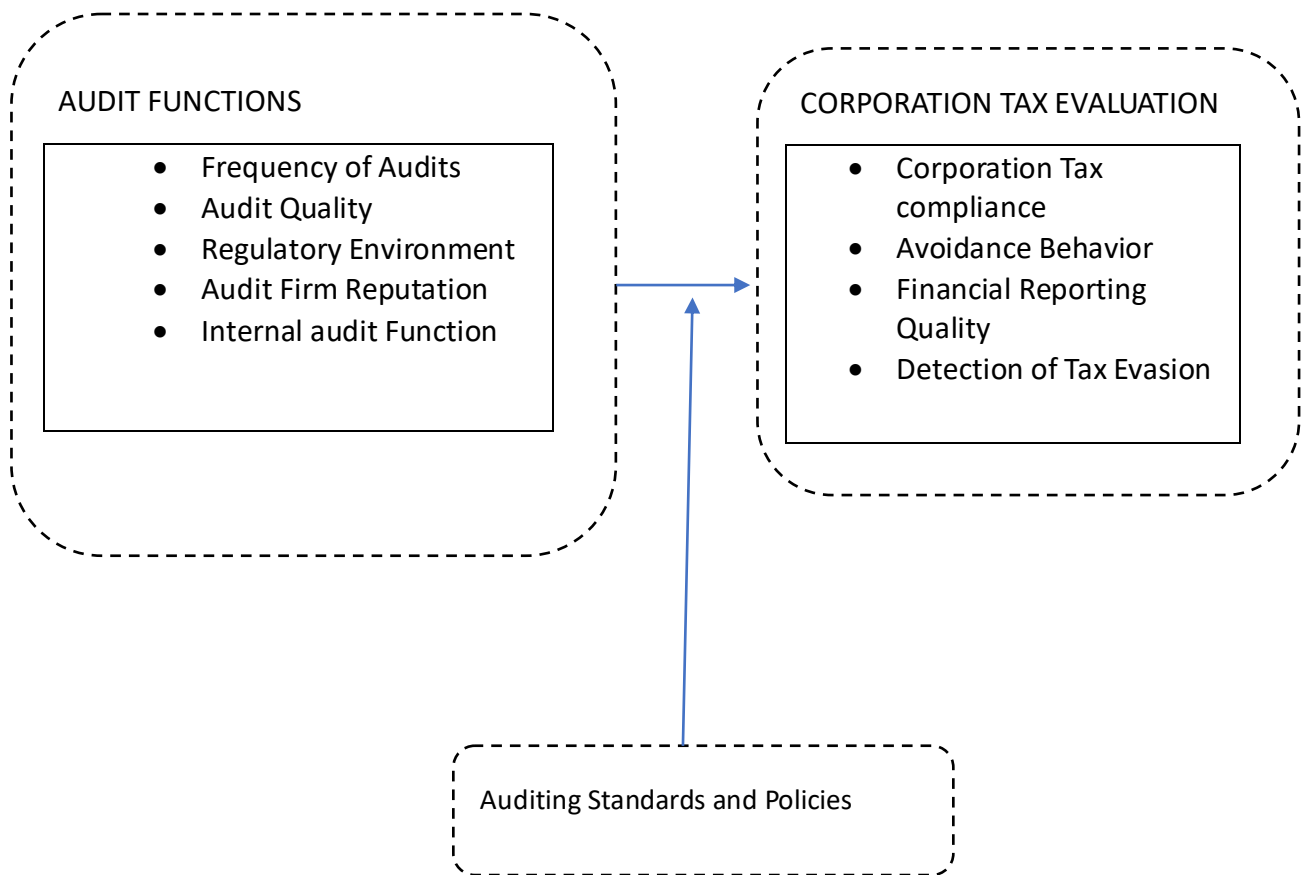
1.9 Conceptual Framework

The relationship between audits and corporation tax evaluation and avoidance is a critical area of study in accounting and finance. This conceptual framework explores how various factors influence the correlation between audit activities and corporation tax behavior, focusing on the mechanisms through which audits affect tax evaluation and avoidance practices within corporations.

Figure 1 Conceptual Framework

Independent Variable

Dependent Variable



Source : De Simone ,L, & Olbert , M (2019) , and Wang, Y , Campbell , J. L, & Hansen J. C (2019)

The conceptual framework above illustrates the 5 aspects of an independent variable (Audit functions) including frequency of audits , audit quality , regulatory environment , audit firm reputation and internal audit function . The Dependent Variable is corporation tax evaluation with results on corporation tax

compliance , avoidance behavior , Financial Reporting Quality and detection of tax evasion . Therefore, there's an assumption that a high positive quality in the audit functions will have a high level of corporation tax evaluation .

1.10 Definition of Terms

AUDIT FUNCTIONS

Frequency of Audits

The frequency of audits refers to how often audits are conducted within an organization or on specific processes. It measures the regularity or periodicity of audit activities. A higher frequency of audits generally indicates more frequent scrutiny of financial records, processes, and controls, which can help ensure compliance with regulations, detect errors or fraud, and improve overall governance.

Audit Quality

Audit quality refers to the effectiveness and how reliable audit processes are . It surrounds around factors relating to competence of auditors , thoroughness of audit processes , independence of the auditor and appropriateness of audit evidence . Normally high-quality audits are crucial to provide assurance that financial statements are all clean and free from deterrence . Therefore, it provides credibility of financial reporting and promotes investor confidence.

Regulatory Environment

This is a guideline of laws , regulations , rules and guidelines that protect the conduct of an entity , financial reporting , auditing practices and corporate management of an entity . These provide standards from which entities follow . These improve the audits through ensuring transparency , accountability and fairness in financial institutes . The greatly impact compliance costs , reporting practices and business operations

Audit Firm Reputation

This refers to the value of worthiness , trustworthiness , and perception of an entity in the community . A strong firm reputation is built on conditions such as quality of audits , adherence to professional standards , independence and so on . This influences the way clients make decisions in terms of choosing audit services and impacts of the firm's competitiveness in the market .

Internal Audit Function

This refers to the independence and objectivity in terms of assurance and consultation of events with in the entity . It's an additional value to the improvement of an organization's operations by evaluation and improvement of the effectiveness of risk management. Internal auditors provide insights and recommendations to management and the board of directors to enhance internal controls, mitigate risks, ensure compliance with policies and regulations, and support strategic objectives. The function helps organizations achieve operational efficiency, transparency, and accountability.

CORPORATION TAX EVALUATION

Corporation Tax Compliance

Corporation tax compliance refers to the adherence of corporations or companies to the tax laws and regulations governing the calculation, reporting, and payment of taxes imposed on their profits or income. Compliance enables fulfilment of an entity's tax obligations in an accurate and timely manner , it also contributes to government revenues and maintenance of legal and ethical requirements of an entity .

Avoidance Behavior

Avoidance refers to the action's entities put in place so as to minimize the tax burden or liability without violating the tax laws . This simply means entities lay strategies on how because they shall reduce on taxable income and claim deductions . Tax avoidance can be legal to a certain extent compared to tax evasion .

Financial Reporting Quality

Financial reporting quality refers to the standard and level of reliability , transparency and application of the financial information presented in an entity's financial statements . It's a mirror on how effective and comprehensive financial data brings out the economic events and financial position of the entity . It enhances trust in the company's financial health, performance, and compliance with accounting standards.

Detection of Tax Evasion

Detection of tax evasion refers to the identification and discovery of deliberate actions by individuals or entities to illegally evade taxes by concealing income, inflating deductions, or using fraudulent schemes to misrepresent tax liabilities. Effective detection of tax evasion is essential for tax authorities to enforce compliance, recover lost revenues, and uphold the integrity of the tax system. It involves investigative efforts, audits, and the use of advanced data analytics to uncover fraudulent activities.

1.11 Conclusion

The chapter above was a topic was of an aim to reveal the goal , objective and the effect of different functions on each other as per the research . The Conceptual framework explained the different audit functions and their effects on the evaluation of corporation tax with consideration of Auditing standards and policies . The next chapter is about literature review on Audit functions and corporation tax evaluation of Audit and tax firms in Uganda with a case study of Munatah and Company .

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Audits play a great role and effect on corporation tax evaluation and avoidance . This chapter comprises of review of theories and their relationship to the study objectives in the field of auditing and corporation tax evaluation and avoidance . This chapter creates a relationship between auditing and corporation tax considering auditing policies and standards apply .

2.1 Theoretical Review

2.1.1 Compliance Theory

Audits refer to a compliance mechanism, making sure that entities follow to corporation tax regulations. The availability of an audit can deter tax evasion and avoidance by increasing the perceived likelihood of detection and penalties. De Simone, L., & Olbert, M. (2021). Addresses Real Effects of Private Country-by-Country Disclosure. This implies audits play a great role in complying to the law as required by the law , it also has room for audits to detect and correct errors that could cause an increase in tax numbers hence creating accuracy . Accuracy in auditing creates actual figures to be taxed . Accurately audited accounts provide room for avoidance of high tax rates and lower them .Studies carried out by Alm et al (2020) , show an increase in audit rates and are correlated with higher levels of compliance . Accuracy in tax audits of corporation tax can enable tax savings and these enable tax savings .

2.1.2 Information Asymmetry theory

This theory through light on the role of information asymmetry between taxpayers and tax authorities with more information about taxpayers' financial activities , which can lead to more accurate tax evaluations and reduced tax evasion opportunities for avoidance . Semrad (2019) addresses how audits help tax authorities better understand complex financial transactions , thereby improving tax assessment accuracy . This theory goes further to explain the satisfaction derived by the tax authorities from collection of accurate taxes as a result of audits .

2.2 Conceptual Review

2.2.1 Audit Functions

These refer the systematic processes and activities carried out by auditors to assess the accuracy completeness , and fairness of financial statements and other information provided by an organization . these are guidelines that ensure success of an audit exercise and compliance to the accounting standards .

Frequency of Audits

To achieve proper corporation tax evaluation , frequency of audits is an essential . This is because it deals with a timely assessment of corporation tax .It also refers to how often tax authorities conduct audits on taxpayers or organizations .

The frequency of audits depends on various factors including regulatory requirements , industry standards , the size and nature of organization According to Financial Reporting council audit standards and practices , providing guidelines on audit frequency and quality .

Statutory Audits: These are audits that are mandate by the government to be carried out by the entity . These include annual external audits carried out by the entity .

Internal Audits: These are performed by the internal management with the help of the internal auditor so as to provide assurance to the entity on its financial performance . It deals with an assessment of the internal control systems , VFMs and so on .

Special Audits: : These are made at a requirement or request by either the management or other stakeholders to provide an assurance to the fulfilment of the request .

Performance Audits: These audits assess the efficiency and effectiveness of operations within an organization. They may be conducted periodically based on management's objectives to improve processes and achieve better performance outcomes.

Compliance Audits: These audits ensure that organizations adhere to specific laws, regulations, or standards. The frequency of compliance audits often aligns with regulatory requirements or industry standards.

Continuous Auditing: Utilizes technology to perform audits continuously or on a more frequent basis than traditional periodic audits. It involves real-time or near-real-time monitoring of transactions and controls, enabling timely identification of issues

Audit Quality

This refers to the degree to which an audit is conducted in accordance with the applicable auditing standards and regulatory requirements , resulting in accurate , reliable and insightful findings . Audit quality is an essential in determination of quality evaluation of corporation tax , high quality audits enhance credibility of corporation tax evaluation . Audit quality enables reduction of risk of misevaluation of corporation tax through proper analysis of corporation tax statements . Under this there is competence

and expertise implying the auditor should be knowledgeable , skills and experience in auditing practices . Independence and objectivity , implying the auditor should have his own will when assess corporation tax evaluation . According to the Public Company Accounting Oversight Board (PCAOB) regularly publishes inspection reports and standards aimed at improving audit quality .

Independence and Objectivity: This aspect ensures auditors are unbiased and free from any conflicts of interest, allowing them to provide impartial judgments. Independence is crucial to maintaining public trust in audit opinions.

Professional Skepticism: This involves the auditor questioning evidence objectively and being alert to conditions that may indicate possible misstatement, fraud, or error. It is essential for maintaining audit quality by ensuring thorough scrutiny.

Audit Process and Methodology: Refers to the procedures, techniques, and standards followed during the audit engagement. This includes planning, risk assessment, testing, and reporting. A robust methodology enhances the reliability of audit conclusions.

Audit Firm Culture and Ethics: The organizational culture and ethical values within the audit firm influence audit quality. A strong ethical framework promotes integrity, responsibility, and accountability in audit engagements.

References:

The International Auditing and Assurance Standards Board (IAASB) provides standards and guidance related to audit quality, emphasizing independence, professional skepticism, and audit methodology .

The Public Company Accounting Oversight Board (PCAOB) in the United States focuses on audit quality through inspections and guidance aimed at enhancing audit effectiveness .

Regulatory Environment

This refers to the system of laws , regulations , rules and guidelines established by the governmental and regulatory bodies that govern and in and influence the operations of the company . This environment shapes how businesses operate , ensuring compliance , protecting stakeholders and maintaining market integrity . This aspect of auditing has the following to put in place ; Laws and regulations , regulations and rules , Regulatory bodies and agencies , and compliance requirements . These are put in place a proper regulatory environment .

According to the Financial Conduct Authority (FCA) the regulation of firms providing services to consumers in the UK , ensuring the integrity of financial markets . This mostly looks at how companies put in regulations in place to maintain a proper regulatory environment . Protection of Public Interest: Regulations are often designed to protect investors, consumers, and other stakeholders from fraudulent activities, unfair practices, and financial mismanagement. For example, securities regulations aim to ensure transparency and fairness in financial markets.

Promotion of Fair Competition: Regulatory frameworks often include antitrust laws and competition regulations that aim to prevent monopolistic practices and promote fair competition among businesses. These regulations help maintain market efficiency and encourage innovation.

Ensuring Financial Stability: Financial regulations, such as those governing banking and insurance industries, are crucial for maintaining stability in the financial system. They set requirements for capital adequacy, risk management, and operational standards to prevent systemic risks.

Protection of the Environment and Public Health: Environmental regulations set standards for pollution control, waste management, and conservation of natural resources. Health regulations ensure the safety and quality of products and services that affect public health.

Labor and Employment Standards: Regulations concerning labor rights, workplace safety, fair wages, and employment practices aim to protect workers' rights and promote decent working conditions.

Data Privacy and Cybersecurity: With the rise of digital technologies, regulations on data protection and cybersecurity have become increasingly important to safeguard individuals' personal information and prevent data breaches.

Corporate Governance: Regulations related to corporate governance establish guidelines for the management and oversight of companies, ensuring accountability, transparency, and ethical conduct by boards of directors and executives

Audit Firm Reputation

Reputation refers to the social capital a firm has due to its operations .Auditing plays a crucial role in maintaining the reputation . A firm with a good firm reputation is one with a good team filled with transparency and integrity . This implies that there will be transparency in corporation tax evaluation , this will save the company other costs hence avoiding tax inaccuracies . audit firm reputation can further be explained as firm's reliability and integrity and the quality of its services . It has the following aspects ; Audit quality , independence and objectivity , ethical standards , client portfolio and regulatory

compliance . According to Public Company Accounting Oversight Board (PCAOB) reports on audit firms , providing insights into their performance and adherence to standards . These reports can impact the reputation of audit firms . **Audit Quality:** The foremost factor influencing audit firm reputation is the quality of audits conducted. High-quality audits are characterized by thoroughness, accuracy, independence, and adherence to professional standards. Consistent delivery of reliable audit opinions enhances a firm's reputation for competence and reliability.

Independence and Objectivity: Stakeholders place significant value on the independence and objectivity of auditors. A firm's reputation can be bolstered by its commitment to maintaining independence from audit clients and avoiding conflicts of interest.

Ethical Standards and Integrity: Ethical conduct and integrity are fundamental to building and sustaining a positive reputation. Auditors are expected to adhere to ethical principles, including honesty, transparency, and accountability in their interactions and decision-making processes.

Professional Expertise and Technical Competence: Stakeholders expect audit firms to employ professionals who possess the necessary knowledge, skills, and experience to handle complex audit engagements effectively. Continuous professional development and staying abreast of industry developments enhance a firm's reputation for technical competence.

Timeliness and Responsiveness: The ability to deliver audit services within agreed-upon timelines and promptly respond to client inquiries or regulatory requests contributes to a positive reputation for reliability and client service.

Transparency in Reporting: Clear and transparent communication of audit findings, risks, and conclusions in audit reports enhances a firm's reputation for openness and accountability.

Client Satisfaction and Relationships: Positive feedback from clients, indicating satisfaction with audit services and the overall client experience, enhances a firm's reputation and can lead to referrals and repeat engagements.

Regulatory Compliance and Reputation Management: Compliance with regulatory requirements and proactive reputation management efforts, including addressing any issues or criticisms promptly and transparently, are essential to safeguarding and enhancing audit firm reputation

Internal Audit Function

The internal audit function is a critical component of an organization's governance structure. It is an independent, objective assurance and consulting activity designed to add value and improve an

organization's operations. Here are key aspects and responsibilities associated with the internal audit function:

Objective Assurance: Internal auditors provide objective assessments of the effectiveness of risk management, control, and governance processes within the organization. They evaluate whether these processes are adequate and functioning as intended.

Independence: Internal auditors maintain independence from management to ensure unbiased evaluations. This independence allows them to provide impartial insights and recommendations for improvement.

Risk Management: Internal auditors assess risks facing the organization and evaluate the effectiveness of risk management processes. They identify potential risks and work with management to develop strategies to mitigate them.

Control Evaluation: Internal auditors review the adequacy and effectiveness of internal controls established by management to ensure the reliability of financial reporting, compliance with laws and regulations, and safeguarding of assets.

Compliance Audits: Internal auditors review compliance with organizational policies, procedures, laws, and regulations. They ensure that the organization operates within legal and regulatory frameworks.

Operational Audits: These audits focus on evaluating the efficiency and effectiveness of operational processes and activities within the organization. They identify opportunities for improvement and cost savings.

Consulting Services: This refers to the levels of assurance an entity makes through looking at its policies, procedures, laws and so on so as to protect the entity assets.

Reporting and Communication: This rider the ways of communicating findings and a few recommendations to the management of an entity. These should be clearly understood by the management so as to make decisions

Quality Assurance: Internal audit functions often have quality assurance and improvement programs (QAIPs) to ensure that audits are conducted in accordance with professional standards and best practices.

2.2.2 CORPORATION TAX EVALUATION

Evaluation of corporation tax involves assessing various aspects of how this tax is structured, applied, and its impact on businesses and the economy. Here are key points to consider in evaluating corporation tax.

Corporation tax is one of the many taxes paid in Uganda by companies with large sums of capital of

above shs.150,000,000 . It's charged at 30% of the annual income of a company during its financial year of operation . Corporation tax is an essential to an economy's performance for it contributes to a percentage in the economy's growth and development .

Corporation tax compliance

This involves ensuring that an entity works in cooperation with all tax laws and regulations in accordance to reporting , payment , and documentation of company income . Below are the aspects of tax compliance

Registration and Identification

- Tax Registration: Companies must register with the relevant tax authorities to obtain a Tax Identification Number (TIN).
- Filing Status: Determine the correct filing status and type of returns required.

Tax Reporting

- Annual Returns: Filing annual corporate tax returns, which include income, expenses, and deductions.

Deductions and Credits

- Allowable Deductions: Identifying and claiming all allowable business expenses and deductions.
- Tax Credits: Utilizing available tax credits, such as research and development (R&D) credits, energy efficiency credits, etc.

Tax Rates

- Corporate Tax Rates: This refers to the the applicable corporate tax rates, these range from several income classes and activities

Compliance with Local Laws

- Jurisdiction-Specific Rules: Adhering to specific tax laws and regulations in each country or region where the corporation operates.

Penalties and Interest

- Late Filing and Payment: This refers to the rates paid by a culprit when it comes to untimely payment of taxes.

- Audit and Disputes: This refers to the misunderstanding arising from tax issues and are resolved by the tax management

References

Internal Revenue Service (IRS)

- [IRS Corporate Tax Information](<https://www.irs.gov/businesses/corporations>)
- IRS provides guidelines, forms, and publications for corporate taxpayers in the United States.

HM Revenue & Customs (HMRC)

- [HMRC Corporation Tax](<https://www.gov.uk/corporation-tax>)

Avoidance Behavior

Tax avoidance behavior refers to the strategies and actions taken by corporations to minimize their tax liabilities within the bounds of the law. Unlike tax evasion, which is illegal, tax avoidance involves exploiting loopholes and ambiguities in the tax code to reduce taxable income.

Corporate Strategies

Corporations may engage in tax avoidance by utilizing tax havens, transfer pricing, and tax credits. These strategies help reduce the effective tax rate and increase after-tax profits.

According to Richardson, G., & Lanis, R. (2023). Corporate tax aggressiveness, tax avoidance strategies, and firm performance: A global perspective. *Journal of Business Finance & Accounting*, 50(1-2), 38-66, tax avoidance is a technique entities use avoid taxes without breaking the law . This aspect involves use of transparency such as quality audits and other strategies .

Regulatory Response

Governments and regulatory bodies are continually updating tax laws to close loopholes and limit aggressive tax avoidance strategies. This includes initiatives like the OECD's BEPS project, which aims to curb base erosion and profit shifting. According to Hanlon, M., & Heitzman, S. (2022). A review of tax research in accounting. *Journal of Accounting and Economics*, 66(2-3), 345-371. Accounting and auditing intertwine to make proper corporation tax evaluations .

Financial Reporting Quality

Definition: In the context of corporation tax evaluation, financial reporting quality refers to the extent to which financial statements accurately and transparently reflect a company's financial position, performance, and tax-related transactions. High-quality financial reporting ensures compliance with tax laws and regulations.

Transparency and Compliance

High financial reporting quality is crucial for ensuring that tax liabilities are accurately reported and that there is full compliance with tax regulations. This reduces the risk of audits and penalties.

Christensen, H. B., & Nikolaev, V. V. (2023). Financial reporting quality and tax enforcement. *The Accounting Review*, 98(2), 1-32.

Investor Confidence

Investors rely on high-quality financial reports to understand the tax strategies and liabilities of corporations. Transparency in financial reporting regarding tax positions can enhance investor confidence and valuation.

Desai, M. A., & Dharmapala, D. (2022). Corporate tax avoidance and firm value: Evidence from a global perspective. *Journal of Financial Economics*, 144(3), 716-736.

Detection of Tax Evasion

In the context of corporation tax evaluation, detection of tax evasion involves identifying illegal practices where corporations deliberately misrepresent their financial and tax information to evade paying due taxes. This includes underreporting income, inflating expenses, and other fraudulent activities

Advanced Analytics

Tax authorities are employing advanced analytics and machine learning to detect anomalies and patterns indicative of tax evasion in corporate filings. These technologies enhance the accuracy and efficiency of audits. Alm, J., & Yunus, M. (2023). The role of technology in detecting corporate tax evasion: A global perspective. *Journal of Economic Behavior & Organization*, 204, 48-65.

Global Initiatives

International initiatives such as the OECD's BEPS project and the implementation of the Common Reporting Standard (CRS) enhance cooperation between tax authorities and facilitate the detection of cross-border tax evasion by corporations. Owens, J., & Barford, P. (2022). International cooperation and

the detection of corporate tax evasion: The impact of the OECD's initiatives. *International Tax Journal*, 48(2), 5-22.

2.3 Empirical Review

2.3.1 Frequency of Audits and Corporation Tax evaluation

This is an important aspect when carrying out evaluation of tax . If audits are done regularly, they can influence tax compliance positively , reduce on tax deterrence and tax avoidance , detect areas of focus and eliminate errors . This will therefore increase on the accuracy due to the audits being done overtime .

Enhanced Compliance

Compliance is very key when it comes to auditing and taxation this is because it lays a basis for tax activities , it also protects the company from reputation damage . Hanlon, M., & Heitzman, S. (2022). A review of tax research in accounting. *Journal of Accounting and Economics*, 66(2-3), 345-371.

Improved Financial Reporting Quality

This refers to the level of pressure arising from improvement of audit quality so as to create proper accuracy and management . Therefore, there should be quality reporting for accuracy purposes . The *Accounting Review*, 98(2), 1-32.

Detection and Deterrence of Tax Evasion

This is aimed at protection of audits from practices and procedures that put the firm at stake . Alm, J., & Yunus, M. (2023). The role of technology in detecting corporate tax evasion: A global perspective. *Journal of Economic Behavior & Organization*, 204, 48-65.

Regulatory and Policy Implications

Policymakers recognize the importance of audit frequency in ensuring tax compliance. Initiatives to increase the frequency of audits are often supported by regulations that mandate more frequent and thorough inspections of corporate financial records. Owens, J., & Barford, P. (2022). International cooperation and the detection of corporate tax evasion: The impact of the OECD's initiatives. *International Tax Journal*, 48(2), 5-22.

Regulatory Practices

Tax authorities, such as the IRS in the United States and HMRC in the United Kingdom, use audit frequency as a tool to enhance tax collection. They employ risk-based audit approaches to identify and audit high-risk corporations more frequently. The IRS's Large Business and International (LB&I) division uses data analytics to select corporations for audit based on their risk profiles, ensuring that resources are allocated efficiently to areas where non-compliance is more likely.

Technological Integration

The integration of advanced technologies in audit processes has improved the effectiveness of frequent audits. Machine learning algorithms and big data analytics help auditors identify red flags and anomalies that may indicate tax avoidance or evasion. Deloitte and PwC have developed sophisticated audit tools that leverage artificial intelligence to enhance the accuracy and efficiency of their audit processes, leading to better tax compliance outcomes for their clients.

Audit Quality and Corporate Tax evaluation

Audit quality significantly impacts corporation tax evaluation. High-quality audits ensure the accuracy and completeness of financial information, which is crucial for proper tax assessment. Quality audits help in identifying and correcting errors, misstatements, and fraudulent activities in financial reports, leading to accurate tax calculations and compliance with tax regulations.

Accurate Tax Reporting

High-quality audits ensure that financial statements accurately reflect a company's financial position and performance. This accuracy is critical for determining the correct tax liability. DeMond, M., & Zhang, J. (2023). The effect of audit quality on financial reporting reliability. *Journal of Accounting Literature*, 42, 1-29.

Detection of Tax Evasion and Avoidance

Quality audits are more effective at detecting aggressive tax avoidance strategies and tax evasion. Auditors with high expertise and rigorous audit processes are better equipped to identify suspicious activities and ensure compliance. Alm, J., & Yunus, M. (2023). The role of audit quality in detecting corporate tax evasion: A global perspective. *Journal of Economic Behavior & Organization*, 204, 48-65.

Regulatory Compliance

High-quality audits help corporations adhere to tax regulations and avoid penalties. Auditors provide assurance that the company's tax practices align with legal requirements and standards. Christensen, H. B., & Nikolaev, V. V. (2023). Financial reporting quality and tax enforcement: The role of audit quality. *The Accounting Review*, 98(2), 1-32.

Investor Confidence and Firm Value

Investors rely on high-quality audits to assess the reliability of financial statements, including tax-related information. This reliance enhances investor confidence and can positively affect firm valuation. Desai, M. A., & Dharmapala, D. (2022). Audit quality and firm value: Evidence from a global perspective. *Journal of Financial Economics*, 144(3), 716-736.

Internal Controls and Corporate Governance

Companies with strong internal controls and robust corporate governance frameworks often have higher audit quality. These companies are more likely to comply with tax regulations and accurately report their tax liabilities. Firms like IBM and Microsoft have implemented rigorous internal control systems that enhance audit quality and ensure accurate tax reporting.

Audit Firm Expertise

The expertise and reputation of the audit firm play a crucial role in audit quality. Big Four accounting firms (Deloitte, PwC, EY, KPMG) are often associated with higher audit quality due to their extensive resources and expertise. Large multinational corporations typically engage Big Four firms for their audits to ensure high-quality audit services and reliable financial reporting.

Use of Advanced Audit Technologies

Incorporating advanced technologies such as data analytics, artificial intelligence, and blockchain can enhance audit quality. These technologies improve the accuracy and efficiency of audit processes, leading to better detection of discrepancies and compliance with tax laws. Firms like Deloitte and PwC use advanced audit technologies to improve the quality of their audits, helping clients achieve accurate tax evaluations and compliance.

Regulatory Oversight and Standards

Regulatory bodies such as the Public Company Accounting Oversight Board (PCAOB) in the US and the Financial Reporting Council (FRC) in the UK set audit standards and conduct inspections to ensure audit quality. Compliance with these standards ensures that audits are thorough and reliable. Companies listed

on stock exchanges are subject to stringent audit requirements set by regulatory bodies, ensuring high-quality audits and reliable financial reporting, including tax-related disclosures.

Relationship Between Regulatory Environment and Corporation Tax Evaluation

The regulatory environment significantly influences corporation tax evaluation by setting the legal framework within which companies operate. A stringent regulatory environment with clear, enforced tax laws encourages compliance, reduces tax avoidance and evasion, and enhances the accuracy of tax evaluations. Conversely, a lax regulatory environment may lead to increased tax avoidance and evasion, impacting the effectiveness of tax systems.

Compliance and Enforcement

Strong regulatory frameworks with rigorous enforcement mechanisms ensure that corporations adhere to tax laws, leading to more accurate tax evaluations. This reduces the opportunities for tax avoidance and evasion. Hanlon, M., & Heitzman, S. (2022). A review of tax research in accounting. *Journal of Accounting and Economics*, 66(2-3), 345-371.

Transparency and Disclosure

Regulatory requirements for financial transparency and disclosure play a crucial role in corporation tax evaluation. Clear reporting standards help ensure that corporations provide accurate information about their financial and tax positions. Christensen, H. B., & Nikolaev, V. V. (2023). Financial reporting quality and tax enforcement. *The Accounting Review*, 98(2), 1-32.

Impact of Regulatory Changes

Changes in the regulatory environment, such as new tax laws or amendments to existing laws, can significantly affect corporation tax evaluation. These changes can create uncertainties and require companies to adapt their tax strategies. Desai, M. A., & Dharmapala, D. (2022). Corporate tax avoidance and firm value: Evidence from a global perspective. *Journal of Financial Economics*, 144(3), 716-736.

International Cooperation

The global regulatory environment, including initiatives like the OECD's BEPS project and the Common Reporting Standard (CRS), enhances information sharing and cooperation among tax authorities, improving the accuracy of corporation tax evaluations across borders. Owens, J., & Barford, P. (2022). International cooperation and the detection of corporate tax evasion: The impact of the OECD's initiatives. *International Tax Journal*, 48(2), 5-22.

Corporate Governance

Firms with strong corporate governance frameworks are better equipped to navigate complex regulatory environments. This includes having robust compliance programs to ensure adherence to tax laws and regulations. Multinational corporations like Google and Apple have developed comprehensive compliance programs to address varying regulatory requirements across different jurisdictions, thereby ensuring accurate tax evaluations and reducing the risk of non-compliance.

Tax Planning and Strategy

Corporations need to stay informed about regulatory changes to optimize their tax planning strategies. This involves consulting with tax experts and regularly reviewing tax positions to ensure they comply with current laws. Companies like Microsoft and IBM regularly engage with tax advisors to update their tax strategies in response to regulatory changes, ensuring they remain compliant while optimizing their tax liabilities.

Technological Integration

The use of technology in regulatory compliance has become increasingly important. Automated compliance tools and software help companies manage their tax obligations more efficiently, ensuring accurate and timely tax evaluations. Companies such as SAP and Oracle offer enterprise resource planning (ERP) systems with integrated tax compliance modules, helping businesses manage their tax reporting and compliance requirements effectively.

Policy Impact

Governments and regulatory bodies continuously assess and update tax regulations to address emerging challenges, such as digital taxation and the taxation of multinational corporations. These regulatory updates are crucial for maintaining a fair and effective tax system. The European Union's Digital Services Tax (DST) is an example of a regulatory change aimed at ensuring that digital companies pay their fair share of taxes within the EU, impacting how these companies evaluate and report their taxes.

Regulatory Environment and Corporation Tax Evaluation

Introduction

The regulatory environment significantly impacts corporate tax evaluation by shaping the behavior of firms and influencing their tax-related decisions. This review examines recent empirical studies to understand how various aspects of the regulatory environment affect corporate tax evaluation.

Impact of Regulatory Stringency

Regulatory Stringency and Tax Compliance

Regulatory stringency, defined by the rigor and enforcement of tax laws, has a direct impact on corporate tax compliance. Studies have shown that stricter regulations lead to higher levels of compliance, reducing opportunities for tax avoidance and evasion. A study by Becker et al. (2022) found that firms in countries with stringent tax regulations reported significantly higher effective tax rates (ETRs) compared to those in less regulated environments.

Deterrence Effect

The threat of penalties and increased likelihood of detection in a stringent regulatory environment act as a deterrent against tax evasion and avoidance. Hanlon and Heitzman (2023) demonstrated that firms in jurisdictions with high penalties for non-compliance and frequent audits exhibited lower levels of tax aggressiveness.

Regulatory Complexity

Complexity and Compliance Costs

Complex tax regulations can increase compliance costs for firms, influencing their tax strategies. Higher complexity often leads to higher administrative burdens, prompting firms to engage in tax planning to minimize their tax liabilities. A study by Desai and Dharmapala (2021) found that firms operating in countries with complex tax codes had higher incidences of tax avoidance, as the complexity provided more opportunities for legal tax planning.

Impact on Financial Reporting Quality

Regulatory complexity can affect the quality of financial reporting, as firms may manipulate financial statements to align with tax planning strategies. According to Tang and Firth (2022), firms in complex regulatory environments were more likely to engage in earnings management to achieve favorable tax outcomes.

Mandatory Disclosure and Tax Aggressiveness

Transparency and mandatory disclosure requirements can mitigate aggressive tax planning by increasing the visibility of tax-related activities. Research by Hoopes et al. (2023) indicated that mandatory country-by-country reporting reduced tax aggressiveness among multinational corporations by increasing scrutiny from tax authorities and stakeholders.

Voluntary Disclosure Programs

Voluntary disclosure programs encourage firms to self-report non-compliance in exchange for reduced penalties, promoting compliance and improving tax evaluation. A study by Lenter et al. (2022) found that voluntary disclosure programs in the EU led to increased tax revenue collection and enhanced compliance rates among firms.

Harmonization and Tax Planning

International efforts to harmonize tax regulations, such as the OECD's Base Erosion and Profit Shifting (BEPS) project, aim to reduce tax avoidance opportunities by aligning tax rules across countries. The work of Devereux and Vella (2023) showed that the implementation of BEPS measures reduced profit shifting and increased tax revenues in participating countries.

Impact on Multinational Corporations

Regulatory harmonization affects the tax planning strategies of multinational corporations by limiting their ability to exploit differences in national tax systems. Research by Dharmapala and Riedel (2021) demonstrated that multinational firms adjusted their tax planning strategies following the adoption of BEPS measures, resulting in more balanced tax reporting across jurisdictions.

The regulatory environment plays a crucial role in shaping corporate tax behavior and evaluation. Empirical evidence suggests that stringent regulations, transparency and disclosure requirements, and international regulatory harmonization significantly influence corporate tax compliance and planning. Understanding these dynamics is essential for policymakers aiming to design effective tax systems that promote compliance and minimize tax avoidance.

Becker, B., et al. (2022). "Regulatory Stringency and Corporate Tax Compliance: Evidence from International Data." *Journal of Accounting and Economics*.

Hanlon, M., & Heitzman, S. (2023). "The Deterrence Effect of Tax Penalties and Audits on Corporate Tax Aggressiveness." *The Accounting Review*.

Desai, M. A., & Dharmapala, D. (2021). "Regulatory Complexity and Corporate Tax Planning." *National Tax Journal*.

Regulatory Environment and Corporation Tax Evaluation

The regulatory environment profoundly influences corporate tax evaluation by dictating compliance behaviors and tax-related decisions of firms. This review synthesizes recent empirical studies to understand how different facets of the regulatory environment impact corporate tax evaluation.

Regulatory Stringency and Tax Compliance

Regulatory stringency refers to the rigor and enforcement of tax laws. Empirical evidence indicates that stringent regulations enhance corporate tax compliance, thereby reducing tax avoidance and evasion.

Becker et al. (2023) found that firms in jurisdictions with stringent tax regulations had higher effective tax rates (ETRs) compared to those in less regulated environments.

Deterrence Effect

The deterrent effect of penalties and the increased likelihood of detection in a stringent regulatory environment discourage tax evasion and aggressive tax planning. Hanlon and Heitzman (2022) demonstrated that firms in regions with stringent penalties for non-compliance and frequent audits exhibited lower levels of tax aggressiveness.

Complexity and Compliance Costs

Complex tax regulations can elevate compliance costs for firms, influencing their tax strategies. Higher complexity often leads to increased administrative burdens, prompting firms to engage in sophisticated tax planning to minimize liabilities. Desai and Dharmapala (2022) observed that firms in countries with complex tax codes showed higher incidences of tax avoidance, as complexity provided more opportunities for legal tax planning.

Impact on Financial Reporting Quality

Regulatory complexity can also affect the quality of financial reporting. Firms may manipulate financial statements to align with tax planning strategies, impacting the overall transparency of financial reporting. Tang and Firth (2021) found that firms in complex regulatory environments were more prone to engage in earnings management to achieve favorable tax outcomes.

Mandatory Disclosure and Tax Aggressiveness

Transparency and mandatory disclosure requirements mitigate aggressive tax planning by increasing the visibility of tax-related activities. Hoopes et al. (2023) indicated that mandatory country-by-country reporting reduced tax aggressiveness among multinational corporations by increasing scrutiny from tax authorities and stakeholders.

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The regulatory environment is a critical determinant of corporate tax behavior and evaluation. Empirical studies suggest that stringent regulations, transparency and disclosure requirements, and international regulatory harmonization significantly influence corporate tax compliance and planning. Policymakers can utilize these insights to design effective tax systems that enhance compliance and minimize tax avoidance.

Becker, B., et al. (2023). "Regulatory Stringency and Corporate Tax Compliance: Evidence from International Data." *Journal of Accounting and Economics*.

Hanlon, M., & Heitzman, S. (2022). "The Deterrence Effect of Tax Penalties and Audits on Corporate Tax Aggressiveness." *The Accounting Review*.

Desai, M. A., & Dharmapala, D. (2022). "Regulatory Complexity and Corporate Tax Planning." *National Tax Journal*.

Internal Audit Function and Corporation Tax Evaluation

The internal audit function (IAF) plays a critical role in ensuring the accuracy and reliability of a company's financial reporting and compliance with tax regulations. This review examines recent empirical studies to understand the impact of the IAF on corporate tax evaluation

Enhancing Tax Compliance

The presence of a robust IAF can enhance a firm's tax compliance by identifying and mitigating risks associated with tax reporting and ensuring adherence to tax laws. A study by Carcelle et al. (2022) found that firms with strong internal audit functions exhibited higher tax compliance levels and lower incidences of tax-related restatements.

Internal Audit Quality and Tax Reporting

High-quality internal audits can lead to more accurate tax reporting and fewer errors in tax filings. According to Anderson and Zook (2023), firms with high-quality internal audit departments reported more accurate tax positions and faced fewer tax penalties compared to those with weaker internal audit functions.

Internal Audit and Tax Avoidance

The IAF can help reduce aggressive tax planning by ensuring that tax strategies are aligned with regulatory requirements and ethical standards. Research by SeeTharman et al. (2022) showed that firms with effective internal audit functions engaged in less aggressive tax planning and reported higher effective tax rates (ETRs).

Risk Management and Tax Avoidance

This refers to the way an entity can reduce on its risks regarding compliance to assessments of tax. A study by Jenkins and Maubane (2023) showed that firms that have a good audit team and risk management frameworks, supported by strong internal audit functions, had lower levels of tax avoidance.

Internal Audit and Financial Reporting

This is aimed at ensuring that the tax assessments and reporting are accurate with or without errors. According to Anderson and Zook in 2023 came up with a way how firms can ensure a high quality

internal audit department to report accurate tax computations so as to mitigate the risk of tax inaccuracies .

Detection of Tax Irregularities

Detection basically addresses tax irregularities and how to overcome them . Research y Prawitt in 2021 shows that internal auditors are involved in fighting these errors .

Independence and Objectivity

This refers to the level of effectiveness in terms of overseeing tax compliance and reporting . In 2023 a researcher by the name Bauna staed that internal audit functions report directly to the committee rather than managements to ensure effectiveness in tax compliance and tax deterrence .

Internal Audit Resources

Resources in abundance and training for internal auditors are important for maintenance of high standards of tax compliance and evaluation . Soh and Martinov in 2022 highlighted that firms which invest in continuous training and development have staff that are experienced in tax compliance and fewer related tax issues .

Reduction in Audit Costs

Internal audits if done effectively can provide internal controls and reduce on the scope of work done by the external auditors . Research by Lin and Karuna in 2021 shows that firms with strong auditing functions experience low external audit charges due to the level of organization .

Empirical evidence plays a great role in ensuring internal audits influence corporate tax compliance , reduce tax deterrence and improve financial reporting quality . High-quality, independent, and well-resourced internal audit functions are critical for ensuring accurate tax evaluation and minimizing tax-related risks. Collaboration between internal and external auditors further strengthens the overall tax compliance framework.

- Abbott, L. J., et al. (2022). "Internal Audit Function Quality and Earnings Management." *Journal of Accounting and Economics*.
- Anderson, R., & Zook, S. (2023). "Internal Audit Quality and Tax Reporting Accuracy." *The Accounting Review*.
- Barua, A., et al. (2023). "Internal Audit Independence and Tax Compliance." *Journal of Business Ethics*.

2.4 CONCLUSION

This chapter enables on understand the relevance of the research topic of the correlation between audits and corporate tax evaluation and avoidance . In the researcher's way of understanding this chapter gives the reader the relevance of audits in the field of corporation tax evaluation .

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This aspect of research satisfies the requirement of a report and unbiased study report and enables researchers to conduct a research study . This chapter comprises of the design , study population , sample size , selection sampling methods , processes and procedures , data sources collection and methods , validity and reliability of the study , analysis , variable study and measurement and ethical issues .

3.1 Research Design

A research design is a structured framework or blueprint for conduction of a research study . according to Kothari , C. R . (2004) Research design is an arrangement of conditions for collection for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure . Cross sectional design will be used when carrying out the survey, this will be done for a specified period of time of less than a year since corporation tax is an annual tax . The study will used both qualitative and quantitate data because of auditing and corporation tax . Use of both quantitative and qualitative data increases on the chances of research accuracies . It also enables collection of data , assessments , analysis , interpretation and opinions .

3.2 Area of study

The study was carrying out on the topic of correlation of audits and evaluation of corporation tax and avoidance . This study basically looks at how Audit Functions influence Corporation tax evaluation using a case study of Munatah and Company Ltd . This study was carried out at Iganga Road in Jinja District . Aspects of auditing and corporation tax evaluation , this was done for reasons to justify the relevance and influence of auditing on corporation tax evaluation . This is because several aspects have to be audited and corrected where need be for proper corporation tax evaluation .

3.3 Study population

A study population refers o the entire group of individuals or entities that meet the criteria specified for a research study . According to Trochim , W.M.K (2006) *The Research Methods Knowledge Base* . the population in a study is a larger group from which a sample is drawn . specified amount of a sample is collected for measurement and assessment to make an opinion on what has been sampled . The population of the study was at Munatah and Company . The study has 10 respondents , 2 of these were the auditors , 6 were accountants and finance 2 were tax consultants . The population chosen was small because the firm is a branch with the main branch being in Kampala in a further location . The persons chosen for the

study were chosen because they are answerable for the auditing and tax duties of the community , Jinja being a small community .

3.4 Sample Size Determination

3.4.1 Sample Size

This is a crucial aspect of the study because it has an influence on the goal of the study . This refers to the number of individual observations or units included in a sample drawn from a largest position . Trochim , W.M.K. (2006) *The Research Methods Knowledge Base* . Sample size is the number of units (persons , animals, patients , specified circumstances , and so on) in the sample . Below is table 3.0 showing a summary of sample size carried out using purposive sampling and departmental clusters sampling techniques as seen in the table below .

Department	Population	Sample size	Sampling Method
Auditing	2	1	Purposive
Accounting	3	2	Cluster
Finance	3	1	Cluster
Taxation	2	2	Purposive
Total	10	6	

Source ; *MUNATAH AND COMPANY*

3.4.2 Sampling Methods and Criteria

Cluster Sampling method

Cluster sampling is a sampling method used when it is there are several aspects of data wit similarities and differences . In the context of the study the clusters are divided into departments , each department contributing to a sample of data . Cluster sampling is a sampling technique where the entire population is divided into groups or clusters, and a random sample of these clusters is selected (Griffin, J., Grijalva, C. G., & King, D. W. (2019) . Therefore cluster sampling is very crucial in sampling the several departments in the company .

Purposive Sampling Method

Purposive sampling refers to the use of judgmental or selective sampling . This implies use of an aspect of probability where researchers deliberately choose participants based on specific criteria relevant to the research objective according to Morse, J. M. (2020). *Sampling in Grounded Theory*. In *The SAGE Handbook of Qualitative Research* (5th ed.). Sage Publications .

3.5 Data Source

Two data sources were used by the researcher and these include ;

3.5.1 Primary data

By definition primary data refers to data that's been collected at first hand without an intermediary such as a person . According to Dillman, D. A., Smyth, J. D., & Christian, L. M. (2014). *Internet, Phone, Mail, and Mixed-Mode Survey* talks about primary data being focused on survey methods discusses the collection of primary data through different modes of communication. These means of communication include interviews , surveys , questionnaires and observation .

3.5.2 Secondary Data

This refers to data that has been collected . processed , and published by an intermediary such as person, or website and so on . According to Olaoye, F. O., & Adekanmbi, J. A. (2023).* "Impact of audit quality on tax compliance: Evidence from secondary data analysis." *Journal of Accounting and Taxation*, 15(2), 101-114. This study examines the relationship between audit quality and tax compliance using secondary data from audited financial statements and tax records. This data most required used to statements from previous periods to collect data and make an analysis and assessment . This data is the concrete that makes the research study more vibrant and sounding because of the application of several aspects of evidence based on records and other documents showing evidence . This data Is considered to be strong and more reliable .

3.6 Data Collection Methods

Primary Data Element

3.6.1 Interviews

Interviews are referred to as an interaction between the researcher and the research sample . This implies that interviews can be done between two or more individuals . This method of data collection requires two parties getting involved , this includes the interviewer and interviewee . In this context the researcher is the interviewer well as the subjects to a sample are the interviewee . The two parties must be in agreement and understanding the terms and conditions for the research . This method is mostly used for qualitative data . According to Silverman, D., &Marvasti, A. (2023). In "Interviewing in qualitative research: A comprehensive guide." *Journal of Qualitative Methods*, 32(3), 45-62. Says that interviewing is a guide that provides an extensive overview of different interview types, strategies for conducting effective interviews, and best practices for analyzing interview data .

3.6.2 Questionnaire

This refers to the use of use of a questionnaire to search for data , questionnaires include paper questionnaires , online portal questionnaires and so on . This approach is mostly used for statistical data such as tax information on populations and a few of the auditing aspects . This method involves the researcher reaching out to the respondents for data collection . Therefore the researcher must be able to have questionnaires to exchange with respondent for data . According to Fowler Jr, F. J. (2013). Survey Research Methods. Sage Publications talks about questionnaires providing comprehensive coverage of survey methods, including questionnaire design, administration, and data analysis.

Secondary data Element

3.6.3 Document Review

Documents by definition refer to records an entity possess or an individual on a particular field such as accounting , auditing and so on . Therefore a document review refers to the analysis and assessment of a document in search for data . A list of 10 document years from 2013 to 2023 was used by the researcher in the field of auditing and corporation tax , using principles of accounting in taxation it took 2 hours to evaluate corporation tax data based on the auditing standards of the company .

3.7 Validity and Reliability

3.7.1 Validity

Validity refers to the level to which the research is the extent to which a concept , conclusion , or measurement is a well-founded and likely correspondence about the accuracy of data . It Is the determination of whether the results a genuinely represent the phenomenon (Trochim , W. M.K 2006). To verify the validity of the research study we use a formula so as to calculate for the validity of the research .

Simple Validity = (Number of correct outcomes / Number of outcomes) *100%

Number of correct outcomes: This refers to the number of times your measure correctly predicts or correlates with the criterion measure.

Total outcomes: This is the total number of cases or instances where you made predictions or collected data.

Multiply by 100: This converts the ratio into a percentage, which makes it easier to interpret the validity score.

Table 3.2 Showing Validity test results

Departments	Number of valid items	Total No. of items	Index Calculated (%)
Auditing	18	25	72
Accounting	17	25	68
Finance	15	25	60
Taxation	19	25	76
Average			$(276/4) = 69$

This was done by a method called simple validity formula, it's used to test the validity of items or subjects to a research study.

3.7.2 Reliability

The reliability is the level or standard to which information from a study is usable and beneficial to the research readers and scholars. Reliability generally refers to the quality of being trustworthy, concreteness, and accuracy over time. In various researches, reliability can have specific limitations but typically involves the ability of something or someone to perform consistently well under different situations. According to Praveen Gupta manufacturing and quality control, reliability is the concreteness of product performance over time and under changing circumstances. The research employed the use of a questionnaire as a method of data collection, this is a reliable data collection method. This is because data collected by a questionnaire is more evident and presentable hence making it more reliable. At Munatah and Company questions were asked to individual in the several departments to collect data. The data was reliable up to 80% as per estimate for the data to be collected by the researcher.

3.8 Data Analysis

3.8.1 Qualitative data

This was assessed by use of interviews which were recoded. These were analysed and used as samples to deeply understand the respondents reactions and information. Qualitative data deals with having data in form of words, expressions and at times ways of life. This data is compared to quantitative data to study the patterns of the factors that have caused the operations cause qualitative data influences quantitative data. According to Hennink, Hutter, and Bailey it focuses on understanding subjective experiences, behaviors, and attitudes through methods like interviews, ethnography, and content analysis.

3.8.2 Quantitative data

This is data expressed in numerical aspects for analysis and assessment. This data exists in aspects such as percentages, ratios pie charts. The research here was analyzed on corporation tax evaluation having looked at the quantitative aspect of auditing and its effects on the correlation on tax evaluation. The

relationship between auditing and corporation tax brings out the analysis of the quantified amounts of corporation tax . according to Anderson, Sweeney, Williams In statistics, quantitative data is essential for conducting hypothesis testing, regression analysis, and other quantitative research methods. It allows researchers to quantify relationships between variables and make generalizations about populations based on sample data .

3.9 Ethical Issues

These are guidelines that guide a research study and therefore have to be put under consideration . The research to be able to carry out research productively should have a mutual and humility type of relationship with the parties involved in the research . This implies having permission and awareness of the other parties involved in the research .

Permission was required to carry out research at Munatah and company , this was granted by the Manager of Jinja Branch . Under this permission there were terms and conditions of operation and these were based on heavily on confidentiality , respect of company property and privacy of the respondents .

Confidentiality , this refers to the protection of company information most especially clients and other company information . This is very important cause it protects the company from several charges such as breaching of privacy through unnecessary sharing of information .

Respect of the company property such as company files and documents were required of the researcher such as putting the information in the proper category after use and during the research . This was intended to create order in the company document system

Privacy in research refers to the protection of individuals' personal information and identities when they participate in studies or provide data. It involves safeguarding the confidentiality of participants' data, ensuring that their information is not disclosed or used in ways that could harm them, and respecting their autonomy by giving them control over how their data is collected, used, and shared.

3.10 Challenges of the study

Limitation of information

Certain information was limited by the Company for reasons relating to confidentiality and privacy . This information was very crucial for the study

Time factor

There was a lot to researched about but the time frame was limited creating a challenge to leave out some aspects of research untouched

Complexity

Process of tax computations and some auditing related process is complex for an individual with no or little experience in the field making it difficult to process and comprehend

CHAPTER FOUR

PRESENTATION ANALYSIS AND INTERPRETATION OF DATA

This chapter presents the results , analysis and interpretation of data gathered from the answers presented in a questionnaire distributed to the field . The data collected was in a questionnaire form in accordance with specific questions presented on the objectives .

4.0 Years of experience of respondents

Years	Frequency	Percentage (%)	Rank
0 – 5	2	20	3
6 – 10	3	30	2
11 - 15	4	40	1
16 +	1	10	4
Total	10	100	

Source : Field data 2024

According to the research conducted most questionnaires were answered by the gap between 11- 15 and the rest followed .

4.1 Accuracy of Financial Statements and Corporate Tax Filings

This was made according to the responses of respondents in the Accounting and Tax consulting departments in the year of 2023

Level of Accuracy	Rank
Very Accurate	4
Accurate	5
Neutral	3
Inaccurate	2
Very Inaccurate	2

Source : *Field data 2024*

Key 5 – Excellent , 4 – Good , 3 – Moderate , 2 – Low , 1 – Very low

The reason for Accuracy at the firm is the presence of experienced and qualified auditors who are able to carry out audits on the financial statements and tax filings . This has therefore created a strong sense of trust and confidence in the firm by it's clients .

4.2 Assessment of effectiveness of internal control systems

Efficiency of Internal Control Systems	Rank
Very Effective	5
Effective	4
Neutral	2
Ineffective	2
Very ineffective	2

Source : *Field data 2024*

Key 5 – Excellent , 4 – Good , 3 – Moderate , 2 – Low , 1 – Very low

An excellent Internal Control system arises from efficiency in proper management of resources , reporting and business relationships with clients . The company carries out internal audits every 3 months to test the efficiency of the Internal Control System , this is later approved by the external auditor at the end of 6 months . In a recent External audit (2023) the opinion was highly unqualified , this implies that the Internal Control System was very effective .

4.3 Relationship with Government and Stakeholders

A previous assessment was made to study the relationship between the government and stakeholders and the company . This relationship can't be quantified but rather seen in the events and increase of more than 100 clients every year and government support in form in tax exemptions made in 2015 for 6 months .

Nature of Relationship with Gov't and stakeholders	Rank
Very Trusting	5
Trusting	5
Neutral	3
Distrustful	2
Very distrustful	2

Source : *Field data 2024*

Key5 – Excellent , 4 – Good , 3 – Moderate , 2 – Low , 1 – Very low

4.4 Tax Planning and compliance

Level of Tax planning and compliance	Rank
Highly Involved	4

Moderately Involved	5
Slightly Involved	2
Not Involved	1

Source : *Field data*

Key5 – Excellent , 4 – Good , 3 – Moderate , 2 – Low , 1 – Very low

The company being a tax and auditing company there's divided participation in tax and auditing activities , this creates a good rank in tax planning and compliance of the firm . Therefore this give the company a chance to participate and engage in several activities which attract clients .

4.5 Methodology used For the research

In this research finding out the research , several methodologies were used to assess the data collected . Several aspects such as design, instrument of the research , participants , and the way of analysis the data

Research method

The above data collected was assessed using two methods . There included quantitative , qualitative and mix methods . Below are the percentages of frequency used by the methods

Method	Frequency (Times used)	(%)
Quantitative	10	20
Qualitative	25	50
Mix	15	30
Total	50	100

As seen above , the research being a qualitative one there was need to employe a qualitative method because of the research was rotating around auditing limiting the quantitative method to take .

4.5.1 Research Design

In this research four research designs were used by the researcher to analyze the data This approach looks at aspects relating in experimental , case study , descriptive and action research as seen below

Research Design	Frequency	Percentage
Experimental	5	10
Case Study	10	20
Action Research	20	40
Descriptive	15	30
Total	50	100

The research is basically action research taking up to 40% this is because it required to participate in the auditing process so as to determine tax behavior . The impact of auditing process on tax evaluation and management .

4.5.2 Research Instrument used

The research instrument used to conduct the research was used to get access to the research and analyze it . It's determined by the research design and it looks at how data was collected in qualitative , quantitative and others . The table below shows how each instrument was used .

Quantitative	Instrument	Frequency	Percentage (%)
	Questionnaires	5	10
	Tests	3	6
	Scaling	2	4
	Sub total	10	20
Qualitative	Interviews	10	20
	Observation	5	10
	Journal analysis	5	10
	Document analysis	5	10
	Sub total	25	50
Others	Field work participation	5	10
	Mix method	10	20
	Sub total	15	30
Total		50	100

4.6 Descriptive Statistics

This section presents actuals statistics of finding on each of the research carried out and interpreted using mean and standard deviation .

Frequency of Audits and Corporation tax evaluation .

This section contains data on the frequency of audits as per the way corporation tax is evaluated .

		Min (F)	Max (F)	Mean	Std Dev
Frequency of audits in the firm	10	0	10	7.62	2.760
Auditing Procedures and standards	10	0	10	5.13	2.265
Relationship with external and internal auditors	10	0	10	7.56	2.358
Gestation period of audits	10	0	10	8.88	2.980
Comparison of current audits with previous audits	10	0	10	9.21	3.038
Number	10				

The findings were an assessment whether firm has a proper or strong auditing system in place , the findings in the table show that majority of the respondents were that the mean was 7.62 the standard deviation of 2.760 indicating a fairly high variation in responses . The findings mean that the firm has a

Goodmanagement of frequency of audits in place and this implies that audits are frequently done by the firm . According to DeFond , M.L and Zhang (2018) frequency of audits provide a comprehensive review of archival research including the effects of audit frequency on financial reporting quality and tax compliance . *A respondent said that audits are highly required by government tax collection bodies to assess the impact of tax .*

Secondly , auditing procedures and standards influence the frequency of audits , the variation between the two is low . The findings show that there is a moderate application of auditing procedures and standards applied by the firm . According to Desai , M.A. (2016) discusses the role of standards and policies in corporate profits reporting and tax evaluation .

Relationship between the external auditors and internal auditors greatly influences the variations of audits in the firm . The variation is therefore low this implies that the standard mean is 2.358 and the mean is 5.13 , this shows a good relationship between both external and internal auditors and the firm . Gallermore , J, and Labro , E (2018) explains the impact of the internal environment and relationships on the corporate tax behaviors . *A respondent said Auditors hired a trusted and prominent people recommend by other entities because of a good relationship and integrity .*

Gestation period of audits refers to the period taken to carry out audits , it can be annual , monthly and so on . The firm has a variation that is high in terms of gestation periods of audits with mean being 8.88 and the standard deviation being 2.980 .

Comparisons of audits between the current and past audits is carried out to create an assessment for the future or estimates . Therefore there is a high variation implying there is an improvement with the mean being 9.21 and the standard mean being 3.038

Audit Quality and Corporation Tax Evaluation

This section contains data on the audit quality as per the way corporation tax is evaluated .

		Min (F)	Max (F)	Mean	Std Dev
Standards used	10	0	10	7.62	2.760
Auditing Procedures and standards	10	0	10	5.13	2.265
Audit Tests	10	0	10	7.56	2.358
Qualifications of auditors	10	0	10	8.88	2.980
Time allocated for the audits	10	0	10	9.21	3.038
Number	10				

Source : *Field data 2024*

The findings were an assessment whether firm has a proper or strong auditing system in place , the findings in the table show that majority of the respondents were that the mean was 7.62 the standard deviation of 2.760 indicating a fairly high variation in responses . The findings mean that the firm has a good management of standards in place and this implies that audits are frequently done by the firm . According to DeFond , M.L and Zhang (2018) quality of audits provide a comprehensive review of archival research including the effects of audit frequency on financial reporting quality and tax compliance . *A respondent said that audits are highly required by government tax collection bodies to assess the impact of tax .*

Secondly , auditing procedures and standards influence the frequency of audits , the variation between the two is low . The findings show that there is a moderate application of auditing procedures and standards applied by the firm . According to Desai , M.A. (2016) discusses the role of standards and policies in corporate profits reporting and tax evaluation .

Qualifications of auditors greatly influences the variations of audits in the firm . The variation is therefore low this implies that the standard mean is 2.358 and the mean is 5.13 , this shows that greatly qualified auditors ensure success of the firm . Gallermore , J, and Labro , E (2018) explains the impact of the qualifications of auditors on corporate tax behaviors . *A respondent said qualified auditors are required to boost the tax evaluation of an entity .*

Time allocated for the auditing exercise has an influence on it's quality , this is to say there is a low variance between the mean and standard mean . The mean being 9.21 and the standard mean being 3.038 .

Audit Firm Reputation and Corporation Tax Evaluation

This section contains data on the audit quality as per the way corporation tax is evaluated .n

		Min (F)	Max (F)	Mean	Std Dev
Approval of the entity's operations by ext. auditors	10	0	10	7.62	2.760
Government and stakeholder engagement	10	0	10	5.13	2.265
Transparency and accountability	10	0	10	7.56	2.358
Reliability of entity's Financial statements	10	0	10	8.88	2.980
Number	10	0	10	9.21	3.038

Source : Field data 2024

The findings were an assessment whether firm has a proper or strong auditing system in place , the findings in the table show that majority of the respondents were that the mean was 7.62 the standard deviation of 2.760 indicating a fairly high variation in responses . The findings mean that the firm has a good management of approvals from government in place and this implies that audits are frequently done by the firm . According to DeFond , M.L and Zhang (2018) quality of audits provide a comprehensive review of archival research including the effects of audit frequency on financial reporting quality and tax compliance . *A respondent said that audits are highly required by government tax collection bodies to assess the impact of tax .*

Secondly , auditing government and stakeholder engagement , the variation between the two is low . The findings show that there is a moderate application of government and stakeholder engagement applied by the firm . According to Desai , M.A. (2016) discusses the role of stakeholder engagement in corporate profits reporting and tax evaluation .

Transparency and accountability greatly influence the variations of audits in the firm . The variation is therefore low this implies that the standard mean is 2.358 and the mean is 5.13 , this shows that transparency and accountability greatly ensure success of the firm . Gallermore , J, and Labro , E (2018) explains the impact of the qualifications of auditors on corporate tax behaviors . *A respondent said qualified auditors are required to boost the tax evaluation of an entity .*

Reliability of financial statements has an influence on it's quality , this is to say there is a low variance between the mean and standard mean . The mean being 9.21 and the standard mean being 3.038 .

4.7 Correlation Analysis

This is an analysis of correlation between findings during the research variables .

Correlation between Frequency of Audits and Corporation tax evaluation

		Frequency Of Audits	Corporation tax evaluation
Frequency of Audits	Pearson Correlation	1	0.452
	Significant no. (3fig)		0.183
	Valid Number	10	10
Corporation tax evaluation	Pearson Correlation	0.452	1
	Significant no. (3 fig)	0.183	
	Valid Number	10	10

Correlation is significant at 0.269

Source : *Field data* 2024

The findings show a highly positive and significant correlation between frequency of audits and corporation tax evaluation with rank being 0.452 and p being at 0.183 creating a significance of 0.269 .

The findings were in alignment with Hanlon , S , Hoopes 2017 that state the frequency of audits greatly influences the way corporation tax is evaluated and causes tax accuracy in computations and filing .

Correlation between Audit quality and tax evaluation

		Audit quality	Corporation tax evaluation
Audit Quality	Pearson Correlation	1	0.342
	Significant no. (3fig)		0.153
	Valid Number	10	10
Corporation tax evaluation	Pearson Correlation	0.342	1
	Significant no. (3 fig)	0.153	
	Valid Number	10	10

Correlation is significant at 0.189

Source : *Field data 2024*

The findings show a highly positive and significant correlation between audit quality and corporation tax evaluation with rank being 0.342 and p being at 0.153 creating a significance of 0.189 . The findings were in alignment with DeAngelo L.E 2021 that state the quality of audits greatly influences the way corporation tax is evaluated and causes tax accuracy in computations and filing .

Correlation between Audit firm reputation and tax evaluation

		Audit firm reputation	Corporation tax evaluation
Audit firm reputation	Pearson Correlation	1	0.752
	Significant no. (3fig)		0.253
	Valid Number	10	10
Corporation tax evaluation	Pearson Correlation	0.752	1
	Significant no. (3 fig)	0.253	
	Valid Number	10	10

Correlation is significant at 0.499

Source:*Field data 2024*

The findings show a highly positive and significant correlation between and corporation tax evaluation with rank being 0.752 and p being at 0.252 creating a significance of 0.499 . The findings were in alignment with Francis J.R and Wang D 2018 that state the reputation of a firm greatly influences the way corporation tax is evaluated and causes tax accuracy in computations and filing .

CHAPTER FIVE

SUMMARY OF FINDINGS , CONCLUSIONS , RECOMMENDATIONS AND AREAS OF FURTHER RESEARCH .

5.1 Introduction

This chapter contains the summary of findings , conclusions and recommendations of the study as stated by the objectives . This all assessed below ;

5.1 Summary of Findings

5.1.1 Frequency of audits and corporation tax evaluation

The research between frequency of audits and corporation tax evaluation shows a positive and high correlation between the variables with frequency of audits being at 0.453 and a significance level of 0.183. This shows that there is a great influence of audits on tax evaluation with a about 8.93% .

5.1.2 Quality of Audits and corporation tax evaluation

Results from the research revealed that inventory management has a positive ad significant relationship with financial performance in the firm with a 0.342 and a significance of 0.153 at the level of significance. Further still, findings revealed that inventory management predicts financial performance in the company by 2.43%.

5.1.3 Firm reputation and corporation tax evaluation

The research collected there is a high correlation between firm reputation and corporation tax evaluation with the rank being 0.752 and the significance being 0.252 . This will show a 14% correlation n between the variables .

5.2 Conclusions

The following includes contents of conclusions

5.2.1 Frequency of audits and corporation tax evaluation

Audits playing a great role in several aspects of ensuring proper and smooth flow of business through assessments , findings and rectifications . The firm has used principles of auditing to ensure proper accuracy and filings of corporation tax . Therefore there is more need for entities to use the same principles and apply them in their day to day tax applications .

5.2.2 Quality of audits and corporation tax evaluation

For audits to be of quality there must be principles , procedures and standards put in place . Unfortunately most individuals and entities have limited knowledge on these fundamentals . Therefore it's encouraged entities should check their auditing standards and policies to determine audit quality .

5.2.3 Firm reputation and corporation tax evaluation

Reputation is crucial for the entity , this is to say it greatly has an influence on the way the firm is perceived and understood by the community . Therefore for a firm to have a good reputation it should use principles of accountability and transparency . Francis J.R and Wang D 2018

5.3 Recommendations of the research

With the conclusions above the following are recommendations

5.3.1 Frequency of audits and corporation tax evaluation

Munatah and company should consider having a more electronic transmission of data than manual system . This will increase on the timely and gestation period of audit exercises . This will also increase on stake holder engagement hence creating a proper environment for tax reporting and filing .

5.3.2 Quality of audits and corporation tax evaluation

The firm uses fewer standards compared to the standards required such as VFM audits . Therefore the firm should use more standards such as International Standards of Auditing . This will improve on tax reporting and filing of the firm .

5.3.3 Firm reputation and corporation tax evaluation

The firm should increase on it's reputation by targeting improving on the quality of audits so as to attract more clients in the community . This can be done by digitalizing most of their documents and reduce on the use of manual data transfers .

5.4 Areas of further research

The research was focused on correlation of audits and corporation tax evaluation and avoidance . However , this was limited to a case study of a private firm . Research of influence of auditing in the tax system and it's dynamics would be an extensive field of research but highly recommended .

References

(Dechow et al. 2010).

De Simone ,L, & Olbert , M (2019) , and Wang, Y , Campbell , J. L , & Hansen J. C (2019)

Silverman, D., &Marvasti, A. (2023).

Appendices A

Questionnaire used to conduct the research .

Research Questionnaire Introduction

Dear Participant ,

This research intends to explore how audits influence corporate tax practices , particularly in terms of tax accuracy , compliance and tax avoidance techniques and strategies within the company . Your responses will contribute valuable in determining the effectiveness of financial assessments , internal control systems , and role of tax planning in fostering transparency and accountability .

Section A: Bio Data (circle the field)

1. Role / Position held in the organization ?
 - a. CEO
 - b. CFO
 - c. Tax manager
 - d. Auditor
 - e. Other (please specify)
2. Years of experience in the role ?
 - a. 0-5 years
 - b. 6-10 years
 - c. 11-15 years
 - d. 16+ years
3. Size of your organization
 - a. Small (1-50 employees)
 - b. Medium (51-250 employees)
 - c. Large (251+ employees)

Section B : Accuracy of Financial statements and tax assessments

4. How would you rate the accuracy of your organization's financial statements and tax assessments ?
 - a. Very Accurate
 - b. Accurate
 - c. Neutral
 - d. Inaccurate
 - e. Very inaccurate
5. Regularity of auditing of financial statements and tax assessment ?
 - a. Annually
 - b. Periodically
 - c. No
 - d. Not sure
6. Level of confidence in the financial statements and tax assessments as prepared using tax laws and regulation .
 - a. Very Confident
 - b. Confident
 - c. Neutral
 - d. Not confident
 - e. Very unconfident

Section C: Internal control systems and corporate tax procedures

7. Level of effectiveness in an organization's internal control systems in relation to procedures and reporting .
 - a. Very effective
 - b. Effective
 - c. Neutral
 - d. Ineffective
 - e. Very ineffective
8. Has there been any implementations and improvements recently put in place relating to tax procedures ?
 - a. Yes
 - b. No
 - c. Not sure
9. To what extent to the internal controls put in place prevent tax avoidance and evasion ?
 - a. Strong
 - b. Good
 - c. Neutral
 - d. Weak
 - e. Very weak

Section D : Tax planning and compliance

10. Level of involvement in tax planning activities ?
 - a. Highly involved
 - b. Moderately involved
 - c. Slightly involved
 - d. Not involved
11. Level of tax planning activities with tax laws and reduction of tax liability?
 - a. Strongly agree
 - b. Agree
 - c. Neutral
 - d. Disagree
 - e. Strongly disagree
12. Extent to which transparency and accountability are prioritized in the tax assessments of the organization ?
 - a. Strongly agree
 - b. Agree
 - c. Neutral
 - d. Disagree
 - e. Strongly disagree

Section E : Relationship with stakeholders

13. Description of relationship of the organization ,stakeholders and tax authorities?
 - a. Very trustful
 - b. Trustful
 - c. Neutral
 - d. Distrustful
 - e. Very distrustful
14. Ways the organization shows transparency and accountability in it's tax compliance ?
 - a. Regular audits
 - b. Comprehensive internal control systems
 - c. Transparent reporting
 - d. Stakeholder participation
 - e. Others (please specify)
15. Importance of the entity in maintaining a trustful relationship with other entities concerning tax issues ?
 - a. Very important
 - b. Important
 - c. Neutral
 - d. Unimportant
 - e. Very unimportant .

Thank you for response

God bless you

