



Evaluating the Tax Management Practices of Selected Construction Enterprises in Yubei District, Chongqing, China

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ABSTRACT

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This study evaluates the tax management practices of selected construction enterprises in the Yubei District, Chongqing, China. Through a quantitative-descriptive research method, this study obtained 385 responses from five construction companies in the district, revealing significant trends in the construction sector. The demographic data indicates that a majority of employees work for relatively young firms, with 60.3% employed at companies operating for 10 years or less. Additionally, a significant portion of the workforce is associated with firms reporting lower net profits, as 62.6% earn less than CN¥200,000. The evaluation of tax management practices reveals a general indication of manifestation to a great extent of such practices among respondents regarding their companies' transparency and fairness in pricing, contract planning, subcontracting methods, labor costs, and enterprise planning.



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Statistical analyses, including the Kruskal-Wallis test, highlight significant evaluation differences based on years of operation, net profit, employee experience, and job position. Established firms (over 20 years) received higher ratings in reasonable pricing and contract planning than newer ones. Similarly, employees with more experience rated tax management practices more favorably. Notably, executive-level respondents consistently provided higher evaluations across various tax management practices, indicating a correlation between job position and evaluation of tax management effectiveness. The findings underscore the importance of experience and company maturity in shaping evaluation of tax management practices. Furthermore, the study suggests that higher-profit companies tend to employ more sophisticated tax strategies, while smaller firms may struggle with efficiency. Overall, this research emphasizes the need for construction firms to enhance their tax management practices to improve compliance and operational efficiency, particularly in a competitive market.

INTRODUCTION

Taxation plays a critical role in the economic development of a nation, serving as a primary source of government revenue. In China, tax revenues constitute over 70% of the national budget, underscoring their significance in public finance (Li et al., 2018). For businesses, however, tax obligations can substantially impact profitability, as they represent a direct cost that reduces net income. To address these challenges, enterprises increasingly employ tax management practices to minimize liabilities within the bounds of tax regulations. Tax management, therefore, serves as a strategic tool to optimize financial performance while ensuring compliance with fiscal policies.

Corporate governance is a pivotal factor influencing tax management practices. Effective governance aligns management incentives with long-term organizational goals, including tax efficiency. Research highlights that remuneration structures can provide board members with incentives to adopt tax-saving measures, both in the short and long term (Chen et al., 2019). Understanding the interplay between corporate governance and tax management offers valuable insights into how businesses balance their tax responsibilities with their financial objectives. This relationship is particularly pertinent in industries like construction, where project-based operations and complex financial arrangements create unique tax management challenges.

Tax management practices refer to the strategies, policies, and procedures employed by construction enterprises to ensure compliance with tax laws, optimize tax liabilities, and integrate tax considerations into business operations. These

practices encompass key areas such as reasonable pricing, ensuring transparent and accurate financial reporting; contract planning, aligning contractual agreements with tax requirements; subcontracting methods, managing tax obligations associated with subcontractors; labor cost management, accurately reporting payroll-related taxes and contributions; and enterprise planning, implementing long-term tax strategies to align with regulatory compliance and organizational goals.

Tax management encompasses a comprehensive approach that integrates corporate strategy and financial planning to minimize tax liabilities. Effective tax management aligns with broader organizational goals, enhancing bottom-line performance and fostering financial sustainability (Wang, 2020). By employing strategic tax planning techniques, businesses can optimize resource allocation, reduce tax burdens, and ultimately improve their competitive positioning. For governments, efficient tax collection ensures funding for critical infrastructure projects, economic stimulus programs, and public services, contributing to broader societal welfare (Wang et al., 2020).

The construction industry in Yubei District, Chongqing, offers a compelling context for examining tax management practices. The region has experienced rapid urbanization and economic growth, driven by significant infrastructure and real estate development investments. These developments have led to increased construction enterprises operating in the district, each facing unique tax management challenges. Construction companies often deal with issues such as pricing, contract planning, subcontracting arrangements, labor costs, and enterprise planning, all of which influence their tax liabilities (Zhang et al., 2024). Evaluating these practices provides a nuanced understanding of how construction enterprises navigate the complex tax landscape to achieve financial efficiency and compliance.

This study aims to assess the tax management practices of selected construction companies in the Yubei District, focusing on critical areas such as pricing strategies, contract planning, and labor cost management. The four concepts—Pricing, Contract Planning, Subcontracting Methods, Labor Cost, and Enterprise Planning—were chosen to evaluate tax management practices as they encompass critical areas where tax-related decisions impact the financial and operational success of construction enterprises. Pricing ensures compliance with tax regulations by accurately documenting income and preventing disputes. Contract Planning integrates tax considerations into agreements, reducing risks like double taxation. Subcontracting Methods address tax obligations related to VAT, withholding taxes, and income reporting for subcontractors. Labor Cost focuses on accurate reporting of payroll taxes and social contributions to avoid

penalties. Lastly, Enterprise Planning involves long-term tax strategies, such as managing asset acquisition and profit reinvestment, aligning tax compliance with organizational goals. Together, these concepts provide a comprehensive framework to assess and optimize tax practices in construction enterprises.

By identifying effective practices and potential areas for improvement, the research seeks to develop recommendations for enhancing tax planning programs. These findings will contribute to the broader discourse on tax management in the construction sector and provide actionable insights for policymakers and practitioners.

FRAMEWORK

Evaluating tax management practices in construction enterprises in Yubei District, Chongqing, China, benefits from a multi-theoretical approach involving Agency Theory, Institutional Theory, and Stakeholder Theory. Agency Theory focuses on the relationship between owners and managers, highlighting risks like tax evasion or aggressive tax planning due to conflicting objectives and information asymmetry. It evaluates how governance mechanisms, such as audits or tax policies, align managerial actions with compliance and long-term goals. Institutional Theory examines how cultural, regulatory, and normative pressures influence organizational behavior. It is valuable for understanding how construction firms respond to regulatory frameworks, audits, and evolving tax reforms in China. This theory explores firms' adaptations to both formal (tax laws) and informal (social norms) pressures. Stakeholder Theory emphasizes balancing the interests of shareholders, the government, and the community. Responsible tax practices foster transparency, trust, and goodwill, potentially leading to business advantages like preferential treatment in public contracts. The multi-theoretical framework connects directly to the research questions by addressing key aspects of tax management practices in construction enterprises. Agency Theory focuses on the relationship between owners and managers, exploring how governance mechanisms like audits ensure compliance in areas such as pricing and enterprise planning, while also identifying variations in tax practices across demographics). Institutional Theory examines how external pressures, including regulations and cultural norms, influence tax compliance and ethical behavior and guides the development of a tax planning program that aligns with regulatory and social expectations. Stakeholder Theory emphasizes balancing the interests of stakeholders, highlighting the role of transparent and responsible tax practices in fostering trust and supporting a tax planning program that aligns with both organizational goals and societal interests.

Integrating these theories provides a holistic framework for evaluating tax management. Agency theory identifies governance challenges, institutional theory analyzes external influences, and stakeholder theory assesses broader societal impacts. Together, they illuminate how construction enterprises in the Yubei District can navigate tax regulations while remaining competitive and socially responsible.

OBJECTIVES OF THE STUDY

This study investigates the tax management practices in construction enterprises in the Yubei District in Chongqing, China. Specifically, it seeks to (1) describe the demographic profiles of the respondents in terms of years in operation, net profit, years working in the company, and positions, (2) evaluate the tax management practices of the company in terms of reasonable pricing, contract planning, sub-contracting methods, labor cost, and enterprise planning, (3) determine whether significant differences exist in the evaluation of tax management practices across demographics, and (4) propose a tax planning program.

METHODOLOGY

Research Design

Using a quantitative research design, precisely the descriptive research method, was highly appropriate for evaluating tax management practices among selected construction companies. Quantitative research, as defined by Babbie (2020), involves collecting and analyzing numerical data to uncover patterns, predict trends, and establish relationships among variables. This approach is particularly relevant for studies that generalize findings to a broader population, as it ensures objectivity and statistical rigor in data analysis. A descriptive research method focuses on systematically describing the characteristics of a population or phenomenon without manipulating variables (Creswell & Creswell, 2017). This study evaluated tax management practices such as reasonable pricing, contract planning, subcontracting methods, labor costs, and enterprise planning. By employing a descriptive quantitative approach, the research aimed to capture the current state of these practices among construction companies, providing a clear and factual basis for understanding tax compliance and efficiency within the industry.

One significant advantage of this approach is its ability to handle large sample sizes, ensuring that findings are representative and generalizable. For instance,

numerical data related to the variables—pricing models, labor cost breakdowns, and subcontracting strategies—can be systematically analyzed to identify trends and deviations. This provides actionable insights into how construction enterprises manage their tax obligations. Moreover, descriptive quantitative research allows for identifying patterns that may not be immediately evident. The study can reveal industry-wide norms and deviations by quantifying practices across multiple companies, offering a robust foundation for policymakers to design interventions to improve tax compliance.

Hence, the quantitative descriptive research design was suitable for this study as it provided a structured, objective, and reliable means of evaluating tax management practices. This approach ensured the findings were evidence-based, enabling meaningful conclusions and practical recommendations for the construction industry.

Research Site

The research was conducted in Yubei District, located in Chongqing, China. This district was selected as the study's locale due to its unique and dynamic environment, which offers an ideal setting for a wide range of research inquiries. Yubei District is strategically positioned as a critical economic and urban development gateway within Chongqing, one of China's most prominent and fastest-growing cities. Its robust economy, supported by thriving industries and well-developed transportation networks, makes it a hub for business and innovation. Moreover, Yubei's impressive infrastructure and modern urban planning provide a fertile ground for urban development and sustainable growth studies. The district's rich cultural heritage adds depth to social and cultural research, offering insights into the interplay between tradition and modernization. Furthermore, Yubei's proactive environmental conservation and green development initiatives present opportunities for investigating sustainability practices in a rapidly urbanizing context. By leveraging these distinctive features, the research aimed to generate valuable insights that contribute to a comprehensive understanding of China's ongoing transformation in areas such as urbanization, economic progress, and societal change.

Participants

The respondents of the study were employees from five selected construction companies located in the Yubei District, China. These companies were chosen based on their relevance to the research objective of analyzing tax management practices in the construction sector. A total sample size of 385 participants was drawn from a total population of 7,750 employees across the selected companies.

The study targeted employees aged 18–59 years, and participation was voluntary. Respondents were invited to complete an online survey designed to gather data on their respective companies' tax management practices. This data collection aimed to support the development of a proposed tax planning program. The sampling technique used was proportionate stratified sampling. Each company's sample size was determined by its proportion of the total population, ensuring adequate representation across all five companies. The distribution of respondents was as follows:

Table 1
Population and Sampling Representative

Company	Population	Participating Respondents (%)	Actual Respondents
Changqing Juneng Construction (Group) Co., Ltd.	1,550	20%	77
Chongqing Construction Engineering & Communications Construction Group	2,000	26%	100
Chongqing Chuanjiu Construction Co., Ltd.	2,500	32%	124
Chongqing Zhonghuan Construction Co., Ltd.	1,050	14%	54
Chongqing Juneng Construction	650	8%	30
Total	7750	100%	385

Instrumentation

This study utilized a survey instrument with a 4-point Likert scale to measure the tax management practices of the five selected construction companies in the Yubei District, Chongqing, China. According to Cornell (2024), a Likert scale is a tool designed to assess respondents' stance on specific issues. The statistical ranges and verbal interpretations for the 4-point Likert scale were as follows:

Table 2*Ranges and Verbal Interpretation for the Likert Scale*

Point	Range	Verbal Interpretation
4	3.25 – 4.00	Manifested to a very great extent
3	2.50-3.24	Manifested to a great extent
2	1.75 – 2.49	Manifested to a certain extent
1	1.00-1.74	Not manifested at all

Survey participants were presented with single-choice, closed-ended questions, enabling the collection of more specific insights compared to binary yes/no responses. The self-structured survey instrument consisted of two sections:

Part I: Demographic Profile. This section covered the respondents' position in the company, years of service, company net profit, and years of operation.

Part II: Evaluation of Tax Management Practices. This section evaluated practices related to reasonable pricing, contract planning, labor costs, enterprise planning, and subcontracting methods.

The reliability test results to an excellent internal consistency with 0.919 Cronbach's Alpha value. Using this structured approach provided a comprehensive understanding of tax management practices in the selected construction companies.

Data Gathering Procedures

The researcher drafted a formal consent letter addressed to the authorities of the selected construction companies, seeking permission to conduct the survey. The letter outlined the study's objectives and emphasized the confidentiality of the data to be collected. Upon receiving approval from the company authorities, the researcher prepared the survey using an online platform, ensuring its accessibility and user-friendliness for respondents. Before distributing the survey link, the researcher communicated with the target respondents to explain the purpose and objectives of the study. It was clearly stated that the information collected would be used solely for academic purposes. Respondents were informed of their right to opt out of the survey without facing any penalties or sanctions. This approach ensured ethical considerations and voluntary participation throughout the study. The gathered data served as the foundation for evaluating current tax management practices and proposing a comprehensive tax planning program tailored to the needs of construction companies.

Research Ethics Protocol

The research adhered to strict ethical standards to protect all participants' rights, dignity, and well-being. Participation in the study was voluntary, and respondents were informed about the purpose of the research, how their information would be used, and their right to withdraw at any stage without repercussions. This informed consent process ensured transparency and respect for participants' autonomy. Confidentiality was a key priority. Data collected from the respondents were anonymized to prevent identifying individual participants or specific companies. Secure methods were employed to store and manage data, ensuring only authorized researchers had access. The study also observed fairness in sampling by using proportionate stratified sampling. This approach avoided bias or exclusion, ensuring equitable representation of employees across the five selected construction companies. The questions in the survey were designed to minimize discomfort and were limited to the scope of tax management practices and demographic information. Sensitive or intrusive questions were avoided to respect participants' privacy. Lastly, the study complied with the university's ethical guidelines for research, ensuring the research outcomes would contribute meaningfully to tax planning practices without causing harm to participants.

Data Analysis

Statistical tools were utilized to analyze the data effectively. Descriptive and inferential statistics, specifically the Kruskal-Wallis test, were used to determine whether the respondent's evaluation on tax management practices significantly varied according to their demographic profile. Additionally, descriptive statistics, including mean and standard deviation, were employed to analyze data related to the demographic profile and the respondents' evaluations of tax management practices.

RESULTS AND DISCUSSION

This section presents the findings of evaluating the tax management practices obtained from the survey of five selected construction companies in Yubei District, China.

Table 3*Demographic Profile According to Number of Years in Operation*

Number of years in operation	Frequency	Percentage
5 years or less	129	33.5 %
6-10 years	103	26.8 %
11-15 Years	80	20.8 %
16-20 Years	51	13.2 %
more than 20 years	22	5.7 %
Total	385	100%

Table 3 provides insights into the duration of operation for construction firms employed by the respondents. A notable 33.5% of respondents, representing 129 individuals, are employed at firms that have been in business for 5 years or less, highlighting a substantial presence of younger firms. Firms operating between 6 and 10 years employ 103 respondents, making up 26.8%. Those with 11 to 15 years of experience account for 80 respondents, or 20.8%. As the duration of operation increases, the numbers decline, with 51 respondents (13.2%) working in firms active for 16 to 20 years. Only 22 respondents, constituting 5.7%, are employed at firms that have been operating for more than 20 years. This distribution shows that nearly 60.3% of the workforce is associated with firms that have been in operation for a decade or less, suggesting a trend towards newer firms being prevalent in the sector.

Table 4*Demographic Profile According to Net Profit (Approximate)*

Net Profit (approximate)	Frequency	Percentage
less than 100,000	137	35.6 %
100,000-200,000	104	27.0 %
200,000-300,000	122	31.7 %
400,000-500,000	12	3.1 %
more than 500,000	10	2.6 %
Total	385	100%

Table 4 provides an overview of the approximate net profit in yuan for the construction firms where the respondents are employed. The largest segment, representing 137 respondents (35.6%), reports net profits of less than CN¥100,000. Firms with net profits between CN¥100,000 and CN¥200,000 employ 104 respondents, making up 27.0% of the total. A similar proportion, 31.7%, is seen among the 122 respondents working at firms with profits ranging from CN¥200,000 to CN¥300,000. Meanwhile, only 12 respondents (3.1%) are with firms that report net profits between CN¥400,000 and CN¥500,000. The smallest group includes 10 respondents (2.6%) employed at firms with profits exceeding CN¥500,000. This distribution indicates that a significant majority (62.6%) of respondents are associated with firms earning less than CN¥200,000 in net profit, highlighting the prevalence of firms with lower profit margins in the construction sector.

Table 5
Demographic Profile According to Number of Years Working in the Company

Number of years working in the company	Frequency	Percentage
1 year or less	129	33.5 %
2-3 years	103	26.8 %
4-6 years	80	20.8 %
7-10 years	51	13.2 %
more than 10 Years	22	5.7 %
Total	385	100%

Table 5 outlines respondents' employment duration within their current construction firms. The majority, 129 respondents (33.5%), have been employed for 1 year or less, indicating a high turnover or recent hiring trend. Respondents with 2 to 3 years of tenure account for 103 individuals, making up 26.8% of the total. Those who have been with their firms for 4 to 6 years constitute 80 respondents, or 20.8%. A smaller group, 51 respondents (13.2%), has been employed for 7 to 10 years. The smallest segment includes 22 respondents (5.7%) who have been with their firms for more than 10 years. This distribution reveals that nearly 60.3% of the workforce has been with their current employer for 3 years or less, suggesting a relatively high level of mobility or recent expansion within the industry.

Table 6*Demographic Profile According to Position in the Company*

Position in the company	Frequency	Percentage
entry-level	129	33.5 %
mid-level	103	26.8 %
senior-level	80	20.8 %
executive-level	73	19.0 %
Total	385	100%

Table 6 summarizes the job positions held by respondents within their construction firms. A significant portion, 129 respondents (33.5%), occupy entry-level positions, highlighting a considerable intake of new or less experienced employees. Mid-level positions are held by 103 respondents, making up 26.8% of the total, indicating a substantial segment of moderately experienced staff. Eighty respondents, or 20.8%, represent senior-level roles, reflecting a smaller group with higher experience and responsibility. Executive-level positions are held by 73 respondents, accounting for 19.0%, suggesting that nearly a fifth of the workforce is in upper management. This distribution indicates that while the largest group is at the entry-level, a combined 66.5% are in mid to upper-level roles, pointing to a diverse range of experience and hierarchy within the companies.

Table 7*Respondents' Evaluation of their company's tax management practices concerning Reasonable Pricing*

Indicators	Mean	SD	Verbal Interpretation
1. The company provides accurate data to the government in terms of its contracting prices.	3.09	0.888	Manifested to a great extent
2. The company reports its pricing to the government for transparency purposes.	3.05	0.872	Manifested to a great extent
3. The company sets reasonable and accurate pricing to its affiliated organizations.	3.04	0.869	Manifested to a great extent

4 The company ensures that price at which related parties transact with each other are fair and accurate.	3	0.849	Manifested to a great extent
5 The company describe any charges between related parties in the context of intra-group services.	3.02	0.772	Manifested to a great extent
Weighted Average	3.04	0.589	Manifested to a great extent

Table 7 shows that respondents generally manifested these practices to a great extent and agreed that their company practices transparency and fairness in pricing and reporting to both the government and related parties. The company provides accurate data to the government in terms of its contracting prices, reports its pricing for transparency purposes, sets reasonable and accurate pricing to its affiliated organizations, ensures fair and accurate pricing for related parties, and describes any charges between related parties in the context of intra-group services. The consistency in scores suggests a stable and uniform evaluation, implying effective and reliable tax management practices within the firm.

Hummel et al. (2018) evaluated a structural equation model using survey data from multinational corporations and interviewed executives from international companies. They concluded that integrating a tax-compliant transfer pricing system into the management control system can successfully achieve both internal control and tax compliance goals, especially if there are basic issues with management control and the transfer pricing method is transparent and amendable.

Table 8
Respondents' evaluation of their company's tax management practices concerning Contract Planning

Indicators	Mean	SD	Verbal Interpretation
1. The company provides information in terms of its contract planning and management.	3.02	0.802	Manifested to a great extent
2. The company ensures a well comprehensive planning for all its service contracts to its clients.	2.95	0.84	Manifested to a great extent
3. The company ensures transparency in terms of its contract planning to its clients.	2.98	0.767	Manifested to a great extent
4. The company ensures that it includes and considers all aspects or areas in its contract planning.	2.99	0.743	Manifested to a great extent

5. The company ensure that its contract planningpractices is align with tax affairs to conform to the standards. .	3.02	0.777	Manifested to a great extent
Weighted Average	2.99	0.496	Manifested to a great extent

Table 8 evaluates respondents’ evaluation of their construction company’s tax management practices related to contract planning. The results show that respondents perceive the company to have effective practices in contract planning, ensuring transparency and alignment with tax standards. This stable evaluation supports operational integrity and regulatory compliance within the construction sector.

The study of Rankin (2023) highlights the strong intertwined relationship between tax planning and contract lifecycle management (CLM). Tax planning involves examining a company’s financial status to find tax-saving options, such as deductions, tax credits, and other tax breaks, which can lower a company’s tax burden. CLM, on the other hand, involves managing contracts from inception to expiry, from contract formulation to negotiation, execution, and renewal. Efficient CLM requires precise and full financial data, which can be achieved through effective CLM. IACCM found that successful CLM can result in considerable financial benefits for businesses, including tax savings. Organizations that use efficient CLM methods may cut contract cycle time by up to 50%, leading to an average cost reduction of 9.2% per contract. Successfully managing contracts may enhance the bottom line by 9.2%. In conclusion, tax planning and CLM are inextricably linked, and good coordination between the Tax and Legal teams is essential for a company’s success. Both tax planning and CLM play a crucial role in a company’s success.

Table 9

Respondents' evaluation of their company's tax management practices concerning Subcontracting Methods

Indicators	Mean	SD	Verbal Interpretation
1. The company provides appropriate sub-contracting methods such as Cost-plus contract, Design-buildcontract and other methods to its clientele.	2.98	0.712	Manifested to a great extent
2. The company provides and states its sub-contracting methods, its types of contract appropriate toits clientele for transparency purposes.	3.01	0.794	Manifested to a great extent
3. The company ensures that it adheres to ethicalpractices in procuring subcontractors.	2.98	0.742	Manifested to a great extent
4. The company ensures that their sub-contracting methods fulfill the overall obligations of the contract.	3.01	0.787	Manifested to a great extent
5. The company ensures that it keeps accurate records of all subcontracting activities.	2.97	0.778	Manifested to a great extent
Weighted Average	2.99	0.448	Manifested to a great extent

Table 9 assesses respondents' views on their construction company's tax management practices concerning sub-contracting methods, yielding an overall mean score of 2.99 and a low standard deviation (SD) of 0.448, indicating that they generally manifested such practices to a great extent. These findings suggest that respondents believe the company practices effective sub-contracting methods, ensuring transparency, ethical standards, and compliance with obligations. The consistency in positive assessments and low standard deviations highlight stable evaluation among respondents, reflecting robust practices that enhance operational efficiency and regulatory adherence in the construction sector. Yang and Liu (2021) note that sub-employing arose from businesses' efforts to produce quality products at lower costs, emphasizing the need for legal safeguards for employees' rights while acknowledging that these laws alone are insufficient without proper oversight. The focus on joint obligation between the primary employer and sub-employer, along with the legal constraints of sub-employing practices, reveals gaps in implementation despite attempts at regulation.

Table 10

Respondents' evaluation of their company's tax management practices concerning Labor Cost

Indicators	Mean	SD	Verbal Interpretation
2.1. The company provides information as to the labor costs of the entire projects as reflected on the contract.	2.98	0.818	Manifested to a great extent
2.2. The company ensures labor costs is well-manageand control.	2.91	0.794	Manifested to a great extent
2.3. The company ensures that employees' wages, costs of employee benefits and payroll taxes are paid.	3.02	0.755	Manifested to a great extent
2.4. The company ensures that payroll taxes areaccurate and well reported.	3.08	0.739	Manifested to a great extent
2.5. The company deducts fair and accurate labor costs and tax to its employees.	3.09	0.659	Manifested to a great extent
Weighted average & Standard Deviation on LaborCosts	3.01	0.382	Manifested to a great extent

Table 10 evaluates respondents' evaluation of their construction company's tax management practices related to labor costs, with an overall mean score of 3.01 (SD = 0.382), interpreted as "manifested to a great extent." Specific practices, such as providing comprehensive labor cost information (mean = 2.98), managing labor costs effectively (mean = 2.91), ensuring timely payment of wages, benefits, and payroll taxes (mean = 3.02), and accurate reporting of payroll taxes (mean = 3.08), reflect positive assessments. The consistency of responses and low standard deviations indicate stable evaluation, suggesting effective practices in labor cost management, transparency, and regulatory compliance.

Studies highlight the complex relationship between labor costs and tax management. Gavaille and Zasova (2023) maintained that rising labor expenses, like minimum wage increases, may incentivize tax evasion as firms face financial strain. Tax evasion, while reducing costs, can lead to penalties and reputational damage. Nguyen (2022) emphasizes that labor adjustment costs (e.g., hiring, training, and retaining staff) significantly influence tax planning, especially in competitive markets or areas with strong labor protections. High labor adjustment costs may prompt businesses to evade taxes to manage cash flow.

These findings underscore the need for balanced strategies that ensure compliance while mitigating labor-related financial challenges.

Table 11

Respondents' evaluation of their company's tax management practices concerning Enterprise Planning

Indicators	Mean	SD	Verbal Interpretation
1. The company ensures that it implements enterprise resource planning to guarantee the success of the projects.	2.95	0.777	Manifested to a great extent
2. Companies implement enterprise resource planning to guarantee its competitive edge since software provides integrated solutions that supports all business aspects.	2.89	0.806	Manifested to a great extent
3. The company ensures that it implements cohesive tax strategy through enterprise resource planning.	2.99	0.701	Manifested to a great extent
4. The company ensure its organizational efficiency by managing and improving its resources utilization through enterprise planning.	2.97	0.725	Manifested to a great extent
5. The company ensures that it weighs various tax options to determine the most beneficial way to conduct business.	2.93	0.766	Manifested to a great extent
Weighted Average	2.95	0.465	Manifested to a great extent

Table 11 evaluates the effectiveness of enterprise planning, particularly tax management practices within construction companies. Respondents' assessments reveal a generally positive evaluation, with a mean score of 2.95 and a low standard deviation ($SD = 0.465$), indicating consistency. Specific items, such as the use of Enterprise Resource Planning (ERP) for project success, competitive advantage, and tax strategies, received mean ratings around 2.9, reflecting a great manifestation of such practices to a great extent in terms of effectiveness. These findings suggest robust practices that support strategic tax management and overall business efficiency.

The literature emphasizes the importance of tax planning as a lawful economic strategy to minimize tax burdens while complying with regulations. Kouam and Asongu (2022) believe that tax planning helps businesses align with national macroeconomic goals, reduce risks, and enhance profits through adjustments in production and investment strategies. The challenges faced by small and

medium-sized enterprises (SMEs) under outdated tax structures, advocating for integrating local policies and proactive tax planning. China's tax reforms promote preferential policies, such as tax breaks for educational and welfare-related activities, to stimulate economic development. For better adaptation, enterprises should invest in training, ERP systems, and expert guidance to optimize tax management, enhance compliance, and support innovation.

Table 12

Comparison of Respondents' Evaluation of their Construction Company's Tax Management Practices when grouped according to Number of Years in Operations.

	Number of years in operation	N	Mean	SD	χ^2	p	Significance
Reasonable pricing	11-15 Years	80	3.19	0.536	60.59	<.001	Significant
	16-20 Years	51	3.35	0.408			
	5 years or less	129	2.78	0.6			
	6-10 years	103	3.01	0.562			
	Above 20 years	22	3.53	0.393			
Contract Planning	11-15 Years	80	3.04	0.455	18.95	<.001	Significant
	16-20 Years	51	3.11	0.382			
	5 years or less	129	2.96	0.5			
	6-10 years	103	2.87	0.544			
	Above 20 years	22	3.35	0.41			
Sub-contracting methods	11-15 Years	80	2.92	0.515	16.64	0.002	Significant
	16-20 Years	51	3.09	0.414			
	5 years or less	129	2.93	0.453			
	6-10 years	103	2.99	0.363			
	Above 20 years	22	3.3	0.453			
Labor Costs	11-15 Years	80	2.95	0.45	7.96	0.093	Not Significant
	16-20 Years	51	3.06	0.378			
	5 years or less	129	3.01	0.33			
	6-10 years	103	3	0.373			
	Above 20 years	22	3.19	0.428			
Enterprise Planning	11-15 Years	80	2.94	0.425	3.97	0.41	Not Significant
	16-20 Years	51	3.02	0.498			
	5 years or less	129	2.94	0.409			

6-10 years	103	2.9	0.504
Above 20 years	22	3.04	0.628

The Kruskal-Wallis test revealed significant differences in respondents' evaluation of tax management practices based on the company's years in operation for Reasonable Pricing ($\chi^2 = 60.59$, $p < .001$), Contract Planning ($\chi^2 = 18.95$, $p < .001$), and Sub-contracting Methods ($\chi^2 = 16.64$, $p = .002$). Longer-established firms, particularly those operating for over 20 years, were viewed more favorably in these areas compared to newer companies, suggesting that maturity and experience enhance these practices. For Reasonable Pricing, significant disparities were found between companies operating for "5 years or less" and those for "more than 20 years" ($W = 7.65$, $p < .001$). Similar trends were observed for Contract Planning and Sub-contracting Methods, with established companies demonstrating superior practices.

However, evaluations of Labor Costs ($\chi^2 = 7.96$, $p = .093$) and Enterprise Planning ($\chi^2 = 3.97$, $p = .41$) showed no significant differences across operational durations, indicating these practices are more standardized.

Taufiq and Tertiarito (2018) highlighted that firms often struggle with key aspects of tax management, such as workforce training and fostering a strong tax culture. They recommend adopting comprehensive strategies, integrating tax policies into business operations, and leveraging advanced technologies to improve compliance and overall performance.

Table 13

Comparison of respondents' evaluation of their construction company's tax management when grouped according to the net profit of their company

	Net Profit (approximate)	N	Mean	SD	X ²	p	Significance
Reasonable pricing	100,000-200,000	104	2.99	0.578	46.8	<.001	Significant
	200,000-300,000	122	3.2	0.568			
	400,000-500,000	12	3.38	0.394			
	Less than 100,000	137	2.78	0.569			
	More than 500,000	10	3.5	0.445			

Contract Planning	100,000-200,000	104	2.93	0.505	9.6	0.143	Not Significant
	200,000-300,000	122	3	0.513			
	400,000-500,000	12	3.16	0.45			
	Less than 100,000	137	2.95	0.494			
	More than 500,00	10	3.3	0.424			
Sub-contracting method	100,000-200,000	104	2.92	0.378	25.38	<.001	Significant
	200,000-300,000	122	3.05	0.488			
	400,000-500,000	12	3.9	0.141			
	Less than 100,000	137	3.2	0.465			
	More than 500,000	10	3.24	0.295			
Labor Costs	100,000-200,000	104	2.97	0.381	7.1	0.312	Not Significant
	200,000-300,000	122	3.02	0.423			
	400,000-500,000	12	3.48	0.259			
	Less than 100,000	137	3.1	0.29			
	More than 500,000	10	3.04	0.396			
Enterprise Planning	100,000-200,000	104	2.92	0.509	14.9	0.021	Significant
	200,000-300,000	122	3.02	0.449			
	400,000-500,000	12	3.7	0.141			
	Less than 100,000	137	2.95	0.394			
	More than 500,000	10	2.8	0.481			

The Kruskal-Wallis test reveals that construction companies' evaluation of tax management vary significantly by net profit levels in certain areas. Reasonable Pricing ($\chi^2 = 46.8, p < .001$) is rated more favorably by companies with higher profits, such as those earning over \$500,000, compared to smaller firms. Significant differences are also observed in Sub-contracting Methods ($\chi^2 = 25.38, p < .001$), with more profitable companies demonstrating superior tax management, reflecting advanced strategies and better resource allocation. Similarly, Enterprise Planning ($\chi^2 = 14.9, p = 0.021$) sees more favorable evaluations from higher profit groups, though significance diminishes after adjustments.

Conversely, the evaluation of tax management in Contract Planning ($\chi^2 = 9.6, p = 0.143$) and Labor Costs ($\chi^2 = 7.1, p = 0.312$) remain consistent across profit levels, suggesting standardized practices in these areas. These findings indicate that higher-profit companies tend to employ more sophisticated tax strategies in certain areas, while smaller firms might struggle with similar levels of efficiency.

Nurfadila and Muslim (2021) highlight the positive relationship between tax planning and earnings management, emphasizing the role of deferred tax expenses in improving financial outcomes. Smaller firms may benefit from adopting advanced tax management practices to enhance competitiveness and performance.

Table 14

Comparison of respondents' evaluation of their construction company's tax management when grouped according to years of experience with their company

	Number of years working in the company	N	Mean	SD	X ²	p	Significance
Reasonable pricing	1 year or less	129	2.78	0.6	60.59	< .001	Significant
	2-3 years	103	3.01	0.562			
	4-6 years	80	3.19	0.536			
	7-10 years	51	3.35	0.408			
	More than 10 Years	22	3.53	0.393			
Contract Planning	1 year or less	129	2.96	0.5	18.95	< .001	Significant
	2-3 years	103	2.87	0.544			
	4-6 years	80	3.04	0.455			
	7-10 years	51	3.11	0.382			
	More than 10 Years	22	3.35	0.41			
Sub-contracting methods	1 year or less	129	2.93	0.453	16.64	0.002	Significant
	2-3 years	103	2.99	0.363			
	4-6 years	80	2.92	0.515			
	7-10 years	51	3.09	0.414			
	More than 10 Years	22	3.3	0.453			
LaborCosts	1 year or less	129	3.01	0.33	7.96	0.093	Not Significant
	2-3 years	103	3	0.373			
	4-6 years	80	2.95	0.45			
	7-10 years	51	3.06	0.378			
	More than 10 Years	22	3.19	0.428			

Enterprise Planning	1 year or less	129	2.94	0.409	3.97	0.41	Not Significant
	2-3 years	103	2.9	0.504			
	4-6 years	80	2.94	0.425			
	7-10 years	51	3.02	0.498			
	More than 10 Years	22	3.04	0.628			

The analysis in Table 14 examines respondents' evaluations of their construction company's tax management practices based on years of experience. Significant differences are found in evaluations of Reasonable Pricing, Contract Planning, and Sub-contracting Methods. Employees with over 10 years of experience rate these areas more favorably, indicating that seasoned employees may have greater awareness or appreciation of effective tax management strategies. For instance, those with over 10 years of experience report higher scores for Reasonable Pricing ($M = 3.53$, $SD = 0.393$) compared to employees with one year or less ($M = 2.78$, $SD = 0.6$). Similarly, evaluations of Contract Planning ($\chi^2 = 18.95$, $p < .001$) and Sub-contracting Methods ($\chi^2 = 16.64$, $p = 0.002$) are significantly more positive among long-tenured employees.

However, no significant differences are observed in evaluations of Labor Costs ($\chi^2 = 7.96$, $p = 0.093$) and Enterprise Planning ($\chi^2 = 3.97$, $p = 0.41$) across experience levels. These areas show consistent evaluations, suggesting standardized practices across the industry.

Overall, experienced employees tend to view their company's tax management practices more favorably in specific areas, highlighting the influence of tenure. Meanwhile, labor costs and enterprise planning strategies are uniformly perceived, indicating standardized approaches.

Table 15
Comparison of respondents' evaluation of their construction company's tax management when grouped according to positions of their company

	Position in the company	N	Mean	SD	χ^2	p	Significance
Reasonable pricing	entry-level	129	2.78	0.6	58.52	<.001	Significant
	executive-level	73	3.4	0.41			
	mid-level	103	3.01	0.562			
	senior-level	80	3.19	0.536			

Contract Planning	entry-level	129	2.96	0.5	12.81	0.005	Significant
	executive-level	73	3.18	0.404			
	mid-level	103	2.87	0.544			
	senior-level	80	3.04	0.455			
Sub-contracting methods	entry-level	129	2.93	0.453	13.66	0.003	Significant
	executive-level	73	3.16	0.434			
	mid-level	103	2.99	0.363			
	senior-level	80	2.92	0.515			
Labor Costs	entry-level	129	3.01	0.33	5.75	0.125	Not Significant
	executive-level	73	3.1	0.395			
	mid-level	103	3	0.373			
	senior-level	80	2.95	0.45			
Enterprise Planning	entry-level	129	2.94	0.409	3.33	0.344	Not Significant
	executive-level	73	3.02	0.536			
	mid-level	103	2.9	0.504			
	senior-level	80	2.94	0.425			

Table 15 examines how respondents evaluate their construction company's tax management practices, categorized by their positions. Significant differences are observed in the evaluation of Reasonable Pricing, Contract Planning, and Sub-contracting Methods, while Labor Costs and Enterprise Planning show consistent evaluations across all positions.

Executive-level respondents rate Reasonable Pricing most favorably ($M = 3.4$, $SD = 0.41$), while entry-level respondents provide the lowest scores ($M = 2.78$, $SD = 0.6$). Pairwise comparisons reveal significant differences between executive-level and entry-level positions ($W = 10.18$, $p < .001$), suggesting that those in strategic roles perceive pricing-related tax management more positively. Similarly, executives rate Contract Planning higher ($M = 3.18$, $SD = 0.404$) than mid-level employees ($M = 2.87$, $SD = 0.544$), reflecting their closer involvement in planning.

For Sub-contracting Methods, executives again provide the highest scores ($M = 3.16$, $SD = 0.434$), with significant differences compared to both entry- and mid-level positions. This indicates that executives, likely overseeing sub-contracting processes, perceive tax management practices in this area more favorably.

Conversely, Labor Costs ($\chi^2 = 5.75$, $p = 0.125$) and Enterprise Planning

($\chi^2 = 3.33$, $p = 0.344$) evaluations are consistent across positions, suggesting standardized tax practices in these areas.

Evaluations of tax management for reasonable pricing, contract planning, and sub-contracting methods vary significantly by company position, with executives rating these areas more favorably due to their strategic involvement. In contrast, evaluations of labor costs and enterprise planning remain consistent across positions, reflecting standardized practices. Hussein and Lafta (2024) found a strong relationship between strategic clarity and effective tax management techniques, emphasizing the importance of expanding the tax base, using legal expertise, and improving employee efficiency. Their study also revealed consistent responses across participants, regardless of personal factors, highlighting uniformity in evaluation of tax management practices.

CONCLUSION

This study underscores the critical influence of company maturity, employee experience, and job position on the evaluation and implementation of tax management practices within the construction industry. The demographic analysis reveals that a significant portion of employees are employed in relatively young, low-profit firms, which may face challenges in developing and executing effective tax strategies. Statistical findings indicate that more mature companies with higher net profits demonstrate superior tax management practices, such as implementing reasonable pricing and effective contract planning. Moreover, experienced employees, particularly those in executive roles, tend to rate their companies' tax practices more favorably, emphasizing the pivotal role of expertise and leadership in shaping and evaluating tax strategy effectiveness. This study emphasizes the importance of leadership, employee knowledge, and company maturity in determining tax management practices. It also highlights the necessity for younger, less successful businesses to improve their strategies for increased competitiveness, efficiency, and compliance in the construction sector.

TRANSLATIONAL RESEARCH

This study offers several practical applications for construction firms to enhance their tax management. First, firms should invest in professional development, particularly for employees in leadership roles, by offering tax-focused training and certifications. Smaller and newer firms can benefit from adopting digital tools or software to streamline tax processes, improving efficiency and compliance. Learning from established firms is also valuable; younger

companies should seek mentorship and adopt best practices in pricing, contract planning, and tax strategy. Additionally, smaller firms should align their tax strategies with profitability goals, focusing on long-term planning. Transparency in tax-related decisions is crucial for fostering trust among employees, and regular communication about tax practices can improve evaluation of fairness. Finally, construction firms should view tax management as a strategic tool for reducing costs, improving services, and gaining a competitive edge in the market, ultimately supporting growth and sustainability.

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