



GSJ: Volume 12, Issue 6, June 2024, Online: ISSN 2320-9186

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# The Impact of Tax Changes on the Financial Performance: Case of Petroleum Development Oman (PDO)

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## I. INTRODUCTION

The tax is the amount that the state withholds from project-based companies. In addition, the tax is a mandatory contribution that constitutes a burden on the company and society as a whole, as this burden is alleviated through tax planning and thus the financial situation is controlled (Wibowo, et al. 2022). Studies have proven that tax has a direct relationship with the company's financial performance, as it is the primary determinant of the company's direction in terms of consumption, production, and investment. In addition, the tax contributes to changing financial performance, which is the primary goal. For any company (Pitulis et al., 2016). Tax changes could negatively impact reduced financial performance. If taxes increase, it may lead to a decrease in the company's income and revenue. If tax rates are reduced, we may see an increase in income and profits. The importance of knowing the changes that occur in the tax is that it enables knowing the size of profits and the size of financial deductions that the state is entitled to receive, thus ensuring knowledge of the public treasury. PDO also focused on the case study, as it is considered one of the strongest Omani companies, and its profits are estimated in the millions, given that its industry is considered one of the strongest industries in the world, and through its profits a difference in financial performance may be formed, which affects the tax. It has been focused on in terms of observing the changes that occur, the extent of their impact, and how they are affected (Hughes, 2023).

After that, the objectives of the study will be addressed, followed by a review of the literature related to the topic. After discussing the study design, methods, and tools, the demographic methodology, sample size, and technique will be discussed. Followed by an explanation of the pilot testing, questionnaire design, and data collection and analysis techniques. Next, analyze the data obtained from the survey and interview responses. Recommendations and results.

Tax changes significantly impact a company's financial performance, often requiring strategic adjustments to mitigate negative impacts and enhance profitability. Understanding these impacts is critical to achieving sustainable growth and competitiveness. This literature review explores different perspectives on the impact of tax changes on corporate financial performance and suggests recommendations to address the negative effects. Taxes serve as a source of revenue for governments and a mechanism for shaping economic behavior and resource allocation within societies. The effects of tax changes are felt in financial statements, investment strategies, capital allocation decisions, and corporate governance structures. The globalization of markets and increasing interconnectedness

between economies has increased complexity in the tax landscape, leading researchers to explore cross-border tax issues, transfer pricing strategies, and the effects of international tax treaties on multinational corporations (Ritterbusch & Teichmann, 2023).

## II. LITERATURE REVIEW

### **The impact of changes in tax policy on the company's profitability.**

The large numbers generate a tax on company contributions that increase significantly. For example, if the company's taxes are raised, there may be a decrease in the company's net income. If the company's tax revenues are reduced, the company may witness an increase in its net income of the taxes for the Company are reduced, there may be an increase in the company's profitability and retaining much of the income after the Company's taxes have been deducted, and the company will be able to obtain huge financial resources to invest, develop or expand its operations, enhance and improve efficiency, and enhance the company's competitiveness. (Conversely et. al. 2022).

Taxes are among the most important microeconomic tools available to governments, affecting virtually every aspect of economic activity Taxes may affect a wide range of corporate decisions, including Investing in research and development investing in property, plant and equipment Determine how to finance operations with debt and equity Determine the amount and how to structure compensation for managers and employees Decide on distributing dividends to shareholders. (Mgammal et al. 2023)

### **Tax planning strategy**

The possibility that the tax will have a profound impact on the company's profitability is certain and inevitable. From a strategic point of view, tax planning is important because it contributes to mitigating the impact of changes. In most cases, companies use several tax planning methods to reduce tax liabilities legally and as required by state regulations. This strategy is used as an investment approach and method for tax exemptions and incentives provided by the state. This strategy is used to reduce the tax impact that is stipulated by the state and changes with years or sometimes months (Akintoye et. al, 2020).

### **Financial Structure**

Taxes can have a significant and significant impact on the policy of the Company, and this impact depends primarily on various factors, including the nature of tax changes and the financial structure of the company, as well as the tax planning strategy and the economic environment of the company. Owners of the stake can understand well and excellently how changes in tax policy affect the company's financial performance is necessary to conduct a comprehensive analysis of the company to evaluate the impact of tax policy changes on the company's profitability, such as analyzing financial statements and also conducting scenario analyzes. This analysis helps in tax planning for the Company, and participation with policy makers. This will reduce the risks that the Company faces. To achieve sustainable profitability (Yao & Tang. 2021)

### **Negative and positive impact of the tax audit on the company's liquidity**

Clarifying tax auditing's role and how it impacts tax data correctness is the study's primary goal. Controlling tax-related revenues in a fair, equitable, and balanced manner is the reason it is regarded as one of the most significant tools that the tax administration uses and is concerned with. Validity and accuracy of taxpayer-provided assessments determine the data's merit and quality. It is believed that the tax audit work is consistent with exposing the case of improved tax compliance and the non-control plan, and those who violated these are being held accountable. Many inferences and findings were drawn from the study. The tax audit helps to produce the information connected to taxpayers' tax returns, which can be summed up by declaring that these results support that assertion. This consequently leads to an increase in tax revenue that is sent to the state treasury, as well as a recalculation, modification, and rearrangement of the income that is subject to tax and the tax amount. As these financial statements and reports are thought to be among the most significant factors that contribute to the development of financial reports, one of the most significant conclusions drawn from them is that the Tax Administration is regarded as one of the most significant entities that uses information related to taxpayer accounts (Tax Audit. 2020).

One of the positive effects of the tax audit on the company's liquidity is the possibility and ability to increase cash flow and financial stability by obtaining opportunities to recover money and tax savings. In addition to the ease of ensuring adherence to tax laws, one of the tasks of the tax audit is that it has the ability to enhance the company's reputation and credibility, as well. It works to attract investors and enhance ease of access to financing. Identifying areas for improving the tax strategy can lead to developing cash flow and sometimes reducing taxes, thus enhancing liquidity. Regular tax audits contribute to risk management through Addressing and auditing compliance issues quickly and in a shorter time, thus reducing the possibility of tax liabilities that were not previously expected and which could affect liquidity. Also, when tax audits are taken into account, it can increase investor confidence and attract new investments this enhances the financial stability and liquidity of the company (Advani .et al. 2023).

The Effects of Tax Auditing Drawbacks on the Liquidity of the Company the duration and cost of tax audits can limit the resources available for corporate operations, which can have an impact on liquidity. Short-term liquidity may be impacted by unexpected cash outflows that institutions may experience when tax liabilities are discovered during the audit process. Companies can lessen the detrimental effects of a tax audit on liquidity by creating several adequate reserves to satisfy the anticipated tax liabilities that the audit had previously discovered. Maintaining open lines of communication with all relevant parties, including creditors and investors, can help to control expectations and lessen the impact of taxes (Belnap . et al. 2022)

Methods to mitigate negative effects of tax audits while maintaining liquidity Using proactive tax planning techniques: Businesses can foresee future tax audits and prepare appropriately by using proactive tax planning. Creating and enhancing tax structures, finding ways to save taxes, and making sure tax laws are followed are some examples of these techniques. By minimizing unanticipated tax obligations and optimizing tax savings, proactive tax planning can lessen the impact of a tax audit on liquidity. Keep correct financial records: Because they offer a concise summary of the business's financial situation, accurate and current financial records are essential during a tax audit an audit can be made simpler, more successful, and more economical by using well-maintained financial records. Reducing the chance of liquidity problems is another benefit of having precise financial records, which can assist in quickly addressing any tax compliance concerns. Businesses can decrease any detrimental effects on their financial stability, preserve liquidity, and carry out tax audits more skillfully by putting these tactics into practice (Belnap et al . 2022).

### **Development of the financial performance through tax control procedures**

This study aims to know the impact of financial culture among managers and the relationship between it and the resulting tax changes. Financial culture is the dew of knowledge and experience in financial matters and derivatives of financial matters, all assets, debts, taxes, and many other elements. Given that tax is one of the components of financial culture, that is, it is one of the elements, this makes it have a direct impact on companies and company heads. Studies have shown that financial knowledge increases the level of success in institutions in addition to avoiding the effects resulting from tax changes. A case study was conducted in developing countries on the extent of the impact of lack of financial acumen, and studies have proven that the lack of financial acumen can lead to huge losses and the inability of companies to advance in the wheel of development and good financial performance. It has been realized that financial culture is the main driver of organized work, thus achieving advantage and success. In addition, financial culture enables individuals to analyze taxes correctly and keep up with the changes that occur to them. That is, taxes are an important part of financial literacy that must be informed and known, and to address all branches related to tax to avoid mistakes and keep pace with the world. Managers must be knowledgeable. With financial culture in order for the company to be successful, that is, without financial culture, managers are exposed to the burden of management, thus failing to collect profit (Tuffour. et al .2022).

### **Impact of tax audit**

This study aims to know and analyze the direct impact of tax audits on companies and institutions. The tax audit is the process of verifying that the tax claimants have paid them completely and correctly. This is done by verifying the financial records. Tax audit is considered the most important means of ensuring the truth and validity of taxes. The tax audit takes place according to multiple stages and an organized methodology carried out by a private individual over many hours. This individual is called the tax auditor, as he collects evidence and evidence of taxes from the collected records. The study proved that the tax audit is the basis for ensuring the success and validity of the tax records. This is because it achieves general balance and equality among everyone. There are many types of tax audits. The complete tax audit is a complete examination of all evidence and records, in which the tax liabilities of a

specific person or company are calculated during a period of time. This type of audit aims for effective and accurate tax compliance. The second type of audit is limited in scope, as this type is limited to only specific and limited issues are raised by those in charge of the matter. The third type is single-case filing, which specializes in one tax audit case only. The fourth type is office audit. This type is done within a limited scope, meaning that the accounts are done in an office. The last type is field audit, which is done in the field. Tax audit is what makes it possible to obtain accurate and correct information. With regard to taxes (Rahmayanti. et al. 2022).

### **Tax control and its impact on reducing tax evasion**

This study aims to know the impact of tax control and the laws and texts included in it. Tax control is one of the most important tax procedures aimed at administering taxes, and it was carried out according to what was required, with complete accuracy and integrity. This is in order to combat what is called tax evasion and limit it, as it is one of the most dangerous matters facing the world with regard to taxes, meaning it is reducing tax evasion. It is the engine for achieving the principle of equality among all. In addition, tax control is considered the barrier that separates compliance from negligence with regard to taxes. Tax evasion is one of the biggest tax problems that we are working on to reduce. Tax evasion is tax fraud, such as forgery and distortion of tax records illegally, meaning it is considered a crime. Types of legitimate tax smuggling that are authorized, meaning that it is done naturally in the same way as tax collection. The second type is illegal smuggling, which is done in an illegal way, such as deception and fraud. The third type is internal smuggling, which is within the borders of the state, and the last type is external smuggling. Which takes place outside the country. Tax audit is the solution to reduce tax smuggling (Rakhmatullaevich. 2023).

### **The impact of taxes on financial performance**

This study aims to determine the effect of taxes on financial performance. The tax is of utmost importance to the state as it is a primary source of income for the state. The effect of the tax on the financial performance of the company lies in the fact that it contributes either to profit or loss. That is, the imposition of the tax is done by the state, that is, it is withholding percentages announced by the state under the level of the tax that must be taken from every institution, company, and other organizations. Taxes affect financial performance in several important aspects, such as the type of tax and how it is applied to the targeted people. There are many ways in which taxes affect financial performance. The cost incurred by the tax may lead to a profit or loss depending on the amount presented. In addition to the impact on investment operations, that is, if a large tax amount is deducted, this leads to a loss of investment and no profit. The financial structure of taxes is divided into various types of financial structures. Without tax planning, in the event of a lack of planning, this limits investments and profits. Government policies that use tax to make tax targets achieve certain goals to balance the budget, thus affecting private profits (Pangaribuan. et al. 2021).

## **III. Methodology**

### **Research Design and the Research Methods**

Descriptive research design in which the extracted evidence, quantitative and descriptive data, is described in terms of the extent of the effect and the size of the effect, and it is analyzed and the data it contains is extracted and included. As for exploratory research, it is done by exploring the changes and evidence contained in the results related to the topic and including these explorations. The result of studying data related to multiplicative changes. At the beginning of any research project, the researcher usually chooses the techniques and methodologies that will be used in the project. The concept of research design refers to the document or article that includes vital information such as the project's techniques, details, and basic methods. Experts define research design as the interconnected and cohesive element that links the research project together. It encourages research direction and provides structure, leading to many positive outcomes. In this study (Impact of Tax Changes on Financial Performance of Oman Oil Development Company), different quantitative and qualitative research designs were used. These designs help quantitative research in analyzing and focusing on digital data, through which financial performance indicators are measured before tax changes and after tax changes. On the other hand, qualitative research helps to give insight into the experiences and perceptions of key stakeholders who are company executives and employees, focusing on the effects of tax changes on financial performance. Using both designs helps to gain a comprehensive understanding of the topic.

## Research Instruments

In the research, primary and secondary sources were used to collect data and information related to the research. The primary data was through the questionnaire that was presented to the employees of the PDO. It was distributed to the employees as a whole, where the questions were designed to solve all the questions related to the research project and collect the largest amount of information to reach the conclusion. The desired results and the interview are another primary source for gathering more information in more detail. The secondary sources used are various literary reviews.

## Population, Sampling Size and Sampling Technique

The study examines the impact of tax changes on the financial performance of the Oman Oil Development Company using simple random sampling. The study involved 6,000 employees, distributed questionnaires to the entire population, including managers and employees from different departments. The sample size was chosen for its ease of statistical analysis and objectivity. The sample size was calculated using a sample size calculator, which resulted in a sample size of 362, representing the diversity of the population. This method ensures accurate and reliable answers, reducing biases and facilitating the statistical analysis.

## Research Validity Testing

Research was sent to several experts regarding conducting a pilot test to test validity, with the aim of facilitating understanding of the questionnaire and checking the language of the questionnaire. With the aim of working to fix it, if any. Some errors were received that must be fixed. It was preferred that the questionnaire be distributed electronically as it is simple, easy and quick for the recipients. The questionnaire questions were distributed to 10 respondents to test the reliability. The individuals answered 17 questions. The formula used for the test was explained below, which is the Cronbach's alpha formula for testing reliability (internal consistency), which was done using Excel program.

## Description of Questionnaire Design

The questionnaire questions were designed according to the intended objectives. Then submit it to the unit's advisor so that he can approve it and then approve it for presentation and publication. A Google form was used to create the questionnaire, where the questions were written in a simple and understandable manner. The questionnaire was distributed through various social media platforms such as WhatsApp and many others.

## Description of Interview Design

The interview questions were designed according to the intended objectives and then presented to the unit advisor for approval. The questions were written on a tangible piece of paper, and people went to the company, met with the people to be interviewed, asked the questions, and received the answers in detail, in order to enhance understanding.

## Data Collection Techniques

Data collection for the Oman Petroleum Development Company (Simplilearn, 2023) Company. Data for the company was collected and analyzed, such as income and balance sheet. Interviews and studies that we conducted about the Oman Oil Development Company. Interviews were conducted with the managers of the Oman Petroleum Development Company and tax experts. Using some of the strategies and a set of techniques to collect some of the data, you can obtain a comprehensive understanding of how tax changes affect the company's financial performance and decision-making related to planning. Collecting information is an integral part of the success of the Oman Petroleum Development Company. This enables us to ensure the accuracy and completeness of the data and gives steps implementable and improvable.

### Data Analysis Technique

Data analysis is the technique of collecting and analyzing data in terms of using some methods such as statistical techniques, (Calzon, 2023). And many companies rely on analytical processes to extract ideas through supporting strategic decisions. Quantitative and qualitative research that adopts all of these vastly different methods Regression analysis is one of the effective methods to influence tax changes on the financial performance of the Oman Petroleum Development Company. This analysis is used to examine the relationship. It is possible to measure the impact of changes to the Oman Petroleum Development Company by estimating the coefficients that represent the strength and direction of the relationships between fiscal measure tax rates and regression analysis, which is a statistical method used to examine such tax rates.

### Legal, Social, Ethical and Sustainability Issues

The abbreviation “ELSI” stands for “Ethical, Legal, and Social Implications.” \*Legal, ethical, and social issues\*) is a field of study that examines how new and cutting-edge biological research, as well as technical developments accompanying or arising from it, impact society (Ogbogu & Ahmad, 2022). Every research project must take into account the legal, ethical and social implications of the work. Legally, the research was ensured to comply with all applicable laws, rules and guidelines, and any information deemed sensitive by the government was excluded. The rights and well-being of research participants, obtaining informed consent, and maintaining strict confidentiality are just a few of the ethical factors taken into consideration. It was necessary to take social factors into account to ensure that the research was compatible with societal norms and values and to evaluate the impact of the research on society.

### Data analysis

Data analysis is considered one of the most important processes through which relationships between elements and final data are deduced. It has been defined as the systematic application of logical or statistical techniques to data in order to describe, clarify, condense, summarize, and evaluate it (Data analysis .n.d).

### Demographic Data Analysis

Demographic data is data that includes information about the community and its demographic composition according to certain characteristics, as it is considered essential for understanding the target community in various studies (Villegas, 2023).

### Question 1: Gender of the Respondents

| Gender | Frequency | Percentage |
|--------|-----------|------------|
| Male   | 66        | 53.7%      |
| Female | 57        | 46.3%      |
| Total  | 123       | 100%       |

Table 1 Gender Distribution

As is clear from the table and Figure above, it shows the number of answers obtained regarding gender. It was found that the highest category of respondents to the questionnaire were males, with a percentage of 53.7%. While the percentage of females reached 46.3%. This is due to the fact that the percentage of male workers in the Oman Petroleum Development Company is greater compared to the furniture sector.

In addition, the oil industry is an industry in which males are concentrated more than females, and this is what is recognized on a local and international level with regard to the oil industry due to it being of high difficulty. Some

sections are not suitable for females, as it has also been known for a long time that it is a male industry in particular in management and various matters. Sections, so we find that there is less furniture than males (The Council of Petroleum Accountants Societies, 2021).

### Question 2: Age of the Respondents

| Age      | Frequency | Percentage |
|----------|-----------|------------|
| 20-30    | 61        | 40.2%      |
| 31-40    | 45        | 36.3%      |
| 41-50    | 15        | 12.1%      |
| Above 50 | 3         | 2.4%       |
| Total    | 124       | 100%       |

Table 2 Age Distribution

As is clear from the table and figure above, it shows the number of answers obtained regarding age. It was found that the highest age group of respondents to the questionnaire was the 20-30 age group, with a rate of 40.2%, while the 31-40 age group was second, with a rate of 36.3%, and the 41-50 age group, the percentage of individuals responding, was 12.1%, which is considered a small percentage. The lowest percentage is in the age group above 50, and the number of respondents with this option is only 3 people, or 2.4%, which is considered very small.

The age group of 20-30 is the largest, given that Oman Petroleum Development Company is currently working on exploiting the energies of youth and working on inclusiveness and employment strategies. It was found out that they are the age group that responded most to the questionnaire. In addition, studies have shown that the youth group is the most informed about everything related to the tax and the changes occurring in it, because tax changes occur constantly, may affect profits and thus affect the salary. This age group focused on the point of salary and income that they worked for, in addition to the fact that young people always strive to adapt to any change in the workplace and adapt quickly in comparison (Analyzing the Profit-Tax relationship, n.d).

### Question 3: Nationality of the Respondents

| Nationality | Frequency | Percentage |
|-------------|-----------|------------|
| Omani       | 112       | 90.3%      |
| Non- Omani  | 12        | 9.7%       |
| Total       | 124       | 100%       |

Table 3 Nationality Distribution

As is clear from the table and figure above, it shows the number of answers obtained regarding nationality. It was found that the largest percentage of respondents were of Omani nationality, as the percentage of Omanis reached 90.3%, while the percentage of non-Omanis reached 9.7%. From this matter, it is clear to us that the percentage of Omanis in the Oman Oil Development Company. Is the largest, but there is a small percentage of non-Omanis, and this is to support cultural diversity and exchange international experiences in the field.

The reason behind the presence of a large percentage of Omanis compared to non-Omanis is due to the fact that Oman supports Omanization and encourages its presence in abundance in most companies. The term Omanization means an increase in the percentage of Omanis compared to non-Omanis in employment, and it is one of the most widespread and rapid plans and strategies that Oman is working to disseminate. Therefore, it was revealed that the Oman Petroleum Development Company and other companies have a higher percentage of Omanis than non-Omanis (Fragomen et al., n.d).

**Question 4: Level of Education for the Respondents**

| Level of Education           | Frequency | Percentage |
|------------------------------|-----------|------------|
| High school graduate or less | 9         | 7.3%       |
| Diploma                      | 38        | 30.6%      |
| Bachelor's degree            | 59        | 47.6%      |
| Master's degree              | 15        | 12.1%      |
| Doctorate degree             | 3         | 2.4%       |
| Total                        | 124       | 100%       |

Table 4 Level of Education Distribution

As illustrated from the table and figure above, it shows that the number of answers that were obtained regarding the educational level. It was found that the largest percentage of respondents were holders of a bachelor’s degree, as the percentage reached 47.6%, and the second place in terms of the number of holders of a diploma certificate was ranked at 30.6%, then comes holders of a master’s degree accounted for 12.1%, followed by a high school graduate or less at 7.3%, and the lowest percentage of all were holders of a doctorate degree at 2.4%.

The largest responses were attributed to those holding a bachelor’s degree. This may be due to the large number of employees in the Oman Petroleum Development Company who hold this certificate, given that it is a high-level certificate whose holder has sufficient experience to fill a position in the field more than others, in addition to the fact that the employment requirements at the Oman Petroleum Development Company require this certificate. The priority shall be given to the bearer over other individuals (Staff, 2023).

**Question 5: Work Experience for the Respondents**

| Work experience | Frequency | Percentage |
|-----------------|-----------|------------|
| 1-10 years      | 77        | 62.6%      |
| 11-20 years     | 35        | 28.5%      |
| more than 20    | 11        | 8.9%       |
| Total           | 123       | 100%       |

Table 5 Work experience Distribution



As illustrated from the table and figure above, it shows the number of answers obtained regarding the duration of work experience. It was found that the largest percentage of respondents whose duration of experience was 1-10 years was 62.6%, while those whose duration of experience was 11-20 years was 28.5%. The lowest percentage is from work experience of more than 20 years, at 8.9%.

Work experience is the determinant of knowing who the most senior group in the company is and how long they have worked there. The duration of work is the measure of the extent of the employee's knowledge of the work and his ability to respond to it (Work experience, n.d). It also became clear that most of the respondents had a period of experience of 1-10 years, and this period is considered very sufficient to make the employee familiar with the field and the method of work. The reason may also be that the Oman Petroleum Development Company employs young people, and it is known that the duration of work experience for a young person is 1 year -10 years old.

### Statistical Analysis of Demographic Data

The questionnaire data reveals a mean age of 1.8, a mean gender of 1.4, an average work experience of 1.4, an average nationality of 1.2, and an average education level of 3. The data also shows a range of 0 to 5, with a minimum of 2, a maximum of 4, a sum of 5, and a count of 5. The mean for gender is 1.4, with a median of 1, an extracted mode of 1, a standard deviation of 1, and a sample variance of 0.7. The mean for work experience is 1.4, with a median of 1, an extracted mode of 1, a standard deviation of 1, and a sample variance of 0.3

|                    | Age      | Gender   | Work Experience | Nationality | Education Level |
|--------------------|----------|----------|-----------------|-------------|-----------------|
| Mean               | 1.8      | 1.4      | 1.4             | 1.2         | 3               |
| Standard Error     | 0.374166 | 0.244949 | 0.244949        | 0.2         | 0.316228        |
| Median             | 2        | 1        | 1               | 1           | 3               |
| Mode               | 1        | 1        | 1               | 1           | 3               |
| Standard Deviation | 0.83666  | 0.547723 | 0.547723        | 0.447214    | 0.707107        |
| Sample Variance    | 0.7      | 0.3      | 0.3             | 0.2         | 0.5             |
| Kurtosis           | -0.61224 | -3.33333 | -3.33333        | 5           | 2               |
| Skewness           | 0.512241 | 0.608581 | 0.608581        | 2.236068    | 0               |
| Range              | 2        | 1        | 1               | 1           | 2               |
| Minimum            | 1        | 1        | 1               | 1           | 2               |
| Maximum            | 3        | 2        | 2               | 2           | 4               |
| Sum                | 9        | 7        | 7               | 6           | 15              |
| Count              | 5        | 5        | 5               | 5           | 5               |

Table 6 Descriptive Statistics of Demographic Data

## Some questionnaire questions with analysis

### What are the financial data used for tax reassessment?

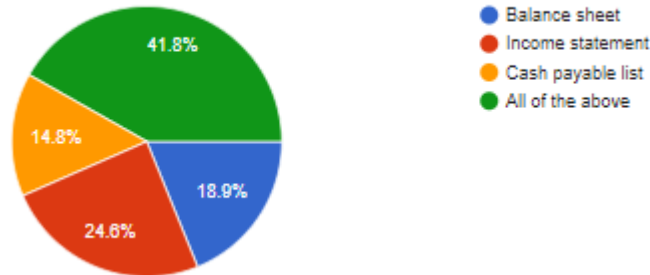


Figure 1 Financial data used for tax

In this chart of the financial statements used to reassess taxes, it can be seen that 41% chose "all of the above, 18.6% chose balance sheet, 24.8% chose "income statement, and 14.6% went for on the "Cash Payments List." By looking at these percentages of people's responses, it can be interpreted that the majority of respondents believe that all financial statements mentioned are used for tax reassessment, followed by a large portion of consideration of the income statement.

Above all, the idea of revaluation expresses the value of the property tax on a regular basis. Assessing property taxes using tax rates and property values is part of this procedure. Local rules may affect these assessments, and they are often reassessed every five years or annually, or if ownership of the property changes. When refinancing, the majority of municipalities also reassess.

### Have you noticed a change in tax policy recently?

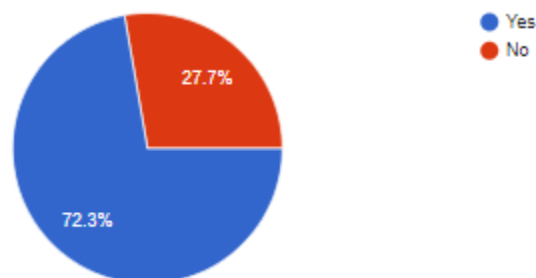


Figure 2 change in tax policy

The percentage of people who noticed a change in tax policy recently was 72.3%, which is the highest, while the percentage of people who did not notice any changes in tax was lower at 27.7%. The questionnaire confirmed that there have been noticeable changes in tax policy recently.

The effects of tax changes can be observed by following the company's periodic financial performance reports. There may also be some indicators of how tax changes affect a company's performance, such as changes in the company's net profits or tax costs, as well as returns on investment (EY, 2024).

## What impact did tax control measures have on the Oman Petroleum Development Company development of its financial performance?

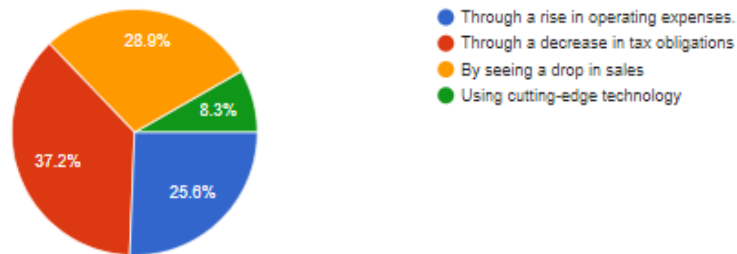


Figure 3 Impact of tax control measures.

As illustrated from the figure above, it shows, The impact of tax control procedures on developing the performance of the Oman Petroleum Development Company, where the largest percentage of respondents answered that through reducing tax obligations, the effect of tax control procedures appears by 37.2%, followed by seeing a decrease in sales by 28.9%, and then through an increase in operating expenses by 25.6%, while the lowest percentage Of the answers to the option of using advanced technology, it was 8.3%.

Oman Petroleum Development Company has witnessed financial development and stability. Due to the strategic reductions in tax liabilities, these reductions contribute to reinvestment in Oman Petroleum Development Company operations. Financial performance and reinvestment: There was a direct and positive impact of reducing tax liabilities on the financial performance of Oman Petroleum Development Company. In recent years, the Omani company recorded a significant increase in profit revenues as a result of the rise in oil prices and improved operational efficiency. We have witnessed the strategic reduction of subsidy tax obligations and the introduction of an ad valorem tax (Bilal et al, 2021).

### Tax changes affect competitiveness between companies.

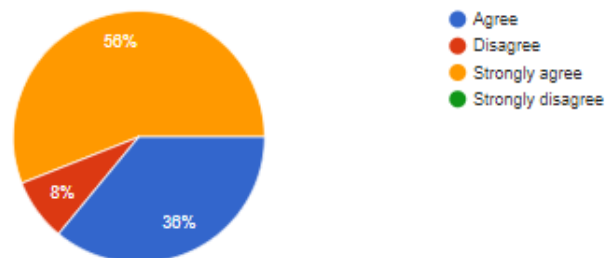


Figure 4 the impact of tax changes on competitiveness among companies.

The figure above shows the percentages after asking individuals about the extent of their agreement that tax changes affect competitiveness among companies. The largest percentage of individuals answered with strong agreement that competitiveness is affected by tax changes, at a rate of 56%, while some responded with agreement only at a rate of 36% and 8% responded with disagreement.

The tax is one of the things that determine companies' profits because it is the amount deducted from companies to a state. Therefore, it is considered one of the tax changes that has a direct impact on competition between companies through the amounts that are deducted, which are considered amounts for change, in addition to

investment. Investors tend towards companies that are not greatly affected by tax changes, all of these matters (Tax Policy Center, n.d). For this reason, we find that most individuals responded strongly to the question.

### Correlation Analysis

|                    |                 |                    |
|--------------------|-----------------|--------------------|
|                    | Work experience | Level of Education |
| Work experience    | 1               |                    |
| Level of Education | 0.645497        | 1                  |

Table 7: Correlation Analysis of Work experience and Level of Education

The correlation coefficient is known as a statistical measure that is used to extract the association between variables. The closer the coefficient is to the number 1, this indicates a strong connection and the existence of a strong, close relationship between the two variables that were chosen, or that the relationship is positive between the two variables, while if the coefficient is farther away from the number 1, this indicates a relationship that is not strong, weak, and in existence. The number zero is considered to be no definitive correlation between the two variables (Chatterjee, 2021).

The table above shows the correlation coefficient between two variables, namely the level of education and work experience, as shown. The correlation coefficient between them reached 0.645497, as this value indicates that the indicator is strong and the correlation relationship is strong since the resulting number is close to the number 1. Given that education is the basis of work experience, that is, those with a high level of certification have more skills and experience than others. In addition, the higher the level of education, the greater the work experience and experience gained in the field.

### Regression Analysis

| SUMMARY OUTPUT        |          |
|-----------------------|----------|
| Regression Statistics |          |
| Multiple R            | 0.645497 |
| R Square              | 0.416667 |
| Adjusted R Square     | 0.222222 |
| Standard Error        | 0.62361  |
| Observations          | 5        |

Table 8: Regression Statistics

|            | df | SS       | MS       | F        | Significance F |
|------------|----|----------|----------|----------|----------------|
| Regression | 1  | 0.833333 | 0.833333 | 2.142857 | 0.239443       |
| Residual   | 3  | 1.166667 | 0.388889 |          |                |

|       |   |   |  |  |  |
|-------|---|---|--|--|--|
| Total | 4 | 2 |  |  |  |
|-------|---|---|--|--|--|

Table 9: ANOVA

|                 | Coefficients | Standard Error | t Stat   | P-value  | Lower 95% | Upper 95% | Lower 95.0% | Upper 95.0% |
|-----------------|--------------|----------------|----------|----------|-----------|-----------|-------------|-------------|
| Intercept       | 1.833333     | 0.844371       | 2.171241 | 0.118318 | 0.85383   | 4.5205    | 0.85383     | 4.5205      |
| Work experience | 0.833333     | 0.569275       | 1.46385  | 0.239443 | 0.97835   | 2.645021  | 0.97835     | 2.645021    |

Table 10: Regression Analysis

### Interview

An interview was conducted with two Oman Petroleum Development Company) PDO (employees. The interview included 4 different questions related to the topic, and the different answers.

### Summary of the answers

Changes in tax policy significantly impact a company's profitability by increasing production costs, affecting investments, affecting global oil demand, and reducing global competitiveness. Tax changes are crucial for the Oman Petroleum Development Company as they determine the amount of money generated from operations.

Tax audits have both positive and negative effects on a company's liquidity. Positive effects include trust between investors, improved operational performance, and early detection of errors. Negative effects include high costs and long time spent on audits.

Conducting fiscal control increases a company's financial performance by enhancing understanding of financial statements, working to improve long-term development, and avoiding early errors. This leads to increased profitability. Financial control is the most important step taken by Oman Petroleum Development Company, as it helps develop financial performance through knowledge of financial principles and money flow. Overall, tax policies play a crucial role in a company's profitability and overall success.

### IV. Conclusion

In conclusion, the tax changes have a significant impact on the financial performance of the Oman Petroleum Development Company and affect tax rates on companies, on state tax policies, on incentives, and added tax, and this directly affects the profits of the Oman Petroleum Development Company, strategic decisions, and operational costs. Oman Petroleum Development Company aims to increase profits through efficient and resource-saving operations as it reduces costs, thereby increasing profitability. In addition, major expansions or the introduction of new products can lead to greater profitability, thereby increasing profitability. Finally, Oman Petroleum Development Company aims to increase profits through efficient and resource-saving operations that reduce costs and thus increase profitability. In addition, significant expansions or the introduction of new products can increase profitability, thus increasing profitability.

In this project, the project examines the impact of tax policy changes on the profitability of the Oman Petroleum Development Company. A decrease in tax rates enhances net income by reducing tax expenditures. The increase in tax rates directly reduces net income through the tax burden. The introduction of an increased value-added tax leads to higher costs of services and goods by reducing operating margins, and tax changes can provide Oman Oil Prices

In conclusion, changes in tax policy have several impacts on the profitability of Oman Petroleum Development Company, international taxes, operational costs, and investment incentives.

Evaluating the extent of developing the financial performance of the Oman Petroleum Development Company through tax control procedures. A procedure has been conducted regarding the tax control of the Oman Petroleum Development Company on how effective tax management strategies and some measures contribute to the financial health of the company. There are some activities in the tax control, such as compliance with regulatory requirements. And a tax plan. This planning allowed improving the tax obligations of the Oman Petroleum Development Company by taking advantage of tax incentives. In the end, we find that Oman Petroleum Development Company has development procedures through tax control that are significant, and that tax planning has strategies, regulatory compliance, effective tax reporting, and improving the point performance of Oman Petroleum Development Company, and strengthens the company through continuous improvement of tax control procedures.

In conclusion, the tax changes have a significant impact on the financial performance of the Oman Petroleum Development Company and affect tax rates on companies, on state tax policies, on incentives, and added tax, and this directly affects the profits of the Oman Petroleum Development Company, strategic decisions, and operational costs. Oman Petroleum Development Company aims to increase profits through efficient and resource-saving operations as it reduces costs, thereby increasing profitability. In addition, major expansions or the introduction of new products can lead to greater profitability, thereby increasing profitability. Finally, Oman Petroleum Development Company aims to increase profits through efficient and resource-saving operations that reduce costs and thus increase profitability. In addition, significant expansions or the introduction of new products can increase profitability, thus increasing profitability.

## **V. Recommendations**

Through conducting research on the project on the impact of tax changes for the Oman Petroleum Development Company, there are some recommendations related to this:

### **Tax Change Analysis & Adjustment**

Analyze how the planned tax changes can affect the operational effectiveness and financial stability of Oman Petroleum Development Company. In addition to offering recommendations on how the business may effectively and clearly adjust to these changes.

### **Enhanced Tax Planning Strategies**

Considering offering methods to help the business enhance and expand its tax planning in order to prevent any unfavorable consequences from tax modifications. Deductions, researching tax exemptions, and other benefits offered by Omani tax rules are a few examples of this.

### **Financial Performance Scenario Analysis**

To project and track the financial performance of the organization under various tax scenarios, put forward a scenario analysis. In order to make wise and successful decisions, Oman Petroleum Development Company will benefit from being better prepared and taking preventative measures for the varied effects of tax changes.

### **Collaboration with Tax Professionals**

Motivate Oman Petroleum Development Company to work with tax consultants or professionals for a number of reasons, such as assisting with the navigation of intricate tax laws and guaranteeing compliance while optimizing tax advantages. Working together with tax specialists can yield insightful information and helpful assistance.

## Tax Risk Management Framework

Suggesting the creation of a framework for the organization to manage tax risks, which aids in foreseeing, recognizing, assessing, and minimizing risks associated with taxes linked to shifting tax laws. Furthermore, the company's tax administration and compliance procedures are improved by this proactive strategy.

Through the implementation of these suggestions, it will be possible to help Oman Petroleum Development Company gain important knowledge and direction about the possible effects of tax changes and how best to handle them.

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