

Tax Planning Strategies and Their Influence on Financial Stability and Growth of Medium Enterprises

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Abstract

This study examines the relationship between tax planning strategies and the financial stability and growth of medium enterprises in the Philippines. Medium enterprises are vital drivers of economic activity, contributing significantly to employment and GDP. However, they face challenges related to financial sustainability, market competition, and regulatory compliance. This research focuses on four key dimensions of tax planning—tax compliance, utilization of tax incentives, tax risk management, and the use of tax consultancy services—and their impact on financial stability and business growth. Using a descriptive-correlational design, data were gathered from 100 decision-makers in Metro Manila-based medium enterprises through a structured survey. Results revealed a very high level of implementation of tax planning strategies across enterprises, with strong performance particularly in tax compliance and engagement with consultancy services. Financial stability indicators, such as liquidity and solvency, and growth indicators, such as revenue and market expansion, also received high mean scores. Correlation analysis confirmed significant positive relationships between all tax planning strategies and both financial stability and growth, with tax compliance showing the strongest correlations. The findings affirm that strategic tax planning is a critical driver of financial performance and organizational growth. The study recommends enhancing employee training, integrating tax risk into strategic planning, and deepening the use of professional consultancy to optimize tax strategies. These initiatives are essential for improving financial resilience, fostering expansion, and ensuring the long-term sustainability of medium enterprises.

Keywords: Tax Planning Strategies, Financial Stability, Medium Enterprises, Business Growth, Tax Compliance