



The effect of political relations with the government on the relationship between ownership structure and tax avoidance

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Abstract

This paper examines the effect of political relations with the government on the relationship between ownership structure and tax avoidance in listed companies in Tehran Stock Exchange. Tax avoidance criteria have been used to measure permanent tax disagreement and effective rate of cash tax. Research hypotheses based on a statistical sample of 95 companies during from 1385 to 1395 were tested using multivariable regression and combined data regression models. The results of the research hypothesis test with the dependent variable of the permanent tax disagreement show that there is a positive and significant relationship between the ownership percentage of the largest shareholder, the percentage of ownership of the three larger shareholders and institutional owners with a permanent tax disagreement. Also, there is a negative and significant relationship between the extensive political relations with the government and the permanent tax disagreement. Ultimately, extensive political relations with the government do not have a significant effect on the relationship between ownership structure and permanent tax disagreement. The results of testing the research hypotheses with the dependent variable the effective rate of cash tax indicates that there is a positive and significant relationship between the percentage of ownership of the largest shareholder and the effective rate of cash tax. Also, there is a negative and significant relationship between the percentage of ownership of the three larger shareholders and institutional owners with the effective rate of cash tax. In addition, the results showed that when the criterion of concentration of ownership is the percentage of ownership of the largest shareholder, there is no meaningful relationship between extensive political relations with the government and the effective rate of cash tax. However, there is a positive and significant relationship between the extensive political relationship with the government and the effective rate of cash tax when the property concentration is a percentage of the ownership of three larger shareholders and institutional owners. Ultimately, extensive political relations with the government have a negative and significant effect on the relationship between ownership structure and effective rate of cash tax.

Keyword: Ownership Structure, Tax Avoidance, Political Relations, Multi-Criteria Decision Making.

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