

# International Journal of Public Policy and Administration Research

2024 Vol. 11, No. 2, pp. 55-76

ISSN(e): 2312-6515

ISSN(p): 2313-0423

DOI: 10.18488/74.v11i2.3791

© 2024 Conscientia Beam. All Rights Reserved.



## The role of external review in enhancing tax planning practices for investment agencies and companies in the sports sector and its impact on the Saudi economy

Ahmed K. Hassan<sup>1,2\*</sup>

<sup>1</sup>Department of Physical Education, College of Education, King Faisal University, Al-Ahsa 31982, Saudi Arabia.

<sup>2</sup>Email: [amohammed@kfu.edu.sa](mailto:amohammed@kfu.edu.sa)

Mohammed S. Albrahim<sup>1</sup>

<sup>1</sup>Email: [malibrahim@kfu.edu.sa](mailto:malibrahim@kfu.edu.sa)

Khaled M. Zahran<sup>1,3</sup>

<sup>1</sup>Department of Team Sports and Racket games, Faculty of Physical Education, Minya University, Minya 61519, Egypt.

Hatem Abd Elmonem Saleh

<sup>1</sup>Department of Fights and Individual Sports, Faculty of Physical Education, Minya University, Minya 61519, Egypt.

Eldiasty<sup>1,4</sup>

<sup>1</sup>Email: [kzahran@kfu.edu.sa](mailto:kzahran@kfu.edu.sa)

Mustafa Issa Ali Al Ahmed<sup>1</sup>

<sup>1</sup>Department of Individual Sports Training, Faculty College of Physical Education, Helwan University, Egypt.

Ahmed<sup>1</sup>

<sup>1</sup>Email: [heldiasty@kfu.edu.sa](mailto:heldiasty@kfu.edu.sa)

Latifah Abdulaziz Alhamdan<sup>1</sup>



(+ Corresponding author)

## ABSTRACT

### Article History

Received: 28 March 2024

Revised: 24 May 2024

Accepted: 7 June 2024

Published: 1 July 2024

### Keywords

External review  
Investment bodies and companies  
Saudi economy  
Sports industry  
Tax management  
Tax planning practices.

The current study aimed to investigate the influence of an external audit on the achievement of tax planning practices in investment authorities and sporting companies, and to analyze its impact on the Saudi economy. We employed a descriptive method, specifically the survey method, to establish the objectives of this report. The participants represented the tax departments of the General Authority of Zakat and Income in addition to the responsible parties in the sports ministry, the ministry of investment, the sports authorities' managers and the private companies, the commercial law and economic law experts, experts in sports law and sports management, and the sports law and sports management experts. They serve as members of the board of directors for various Saudi sporting organizations. The research used 350 participants as the sample frame, collecting data through the use of questionnaires. A consensus has been reached on tax avoidance approaches such as structure decisions and deductible costs that have been influenced by factors like disparate taxes and administrative weakness. It also demonstrated the enhanced application of external audit principles, leading to improved effectiveness and efficiency in tax planning. The research that was conducted has noted the need for external auditing to enhance financial and tax management and economically strengthen Saudi Arabia. The economic effects of such practices can be studied in future studies by expanding on the employment, investment, and economic growth dimensions of qualifications in the sports industry in the Kingdom of Saudi Arabia and adding financial and economic views.

**Contribution/Originality:** Our core study stands out for bringing crossroads between the planning practices for taxes in the investment agencies, companies, and especially the sports sector of Saudi Arabia. To date, this rigorous and specific research area has been unexplored, which is why our research will help fill the gap by offering new insights on these specific aspects.

## 1. INTRODUCTION

According to (Lee & Kao, 2018) auditing is a systematic as well as purposeful procedure that is done with the

objective of providing reasonable assurance regarding the verification and credibility of financial data. The purpose is to meet the needs of the various stakeholders who provide or use financial information, which comprises auditors, management seeking auditing services, and users of financial data like tax and government agencies (Blandon, Argilés-Bosch, & Ravenda, 2020; Cameran, Prencipe, & Trombetta, 2022). The CPA (Certified Public Accountant) community consistently expresses dissatisfaction with the auditing review's quality. Some of the ways the auditing reviews are improved include using the best practices, updating on changing auditing standards and regulations, and enhancing the quality of the audit process (Corbella, Florio, Gotti, & Mastrolia, 2015). Auditing thus may serve to improve the quality of financial data, with auditors increasing the trustworthiness and value of such information, since the auditing process usually leads to accurate and reliable data and builds trust in it. Hence, the desired outcome of continuous quality improvement in auditing is the key objective of auditing profession (Blandon et al., 2020; Corbella et al., 2015). Finally, external auditing contributes to a successful financial reporting process by providing the necessary objective examination (Malagila, Bhavani, & Ampsonah, 2020). The profession of auditing falls within the more general disciplines of auditing that we know as social science. It is an autonomous vocation that requires a specific education and earns people's confidence in its work (Al-Nimer, 2015). Standards in the field of auditing act as a vital factor and are perceived as an essential part of auditing theory, which is based on the basic principles and ideas of auditing (Asare, Davidson, & Gramling, 2008). Similar to other fields, auditing relies on the standards issued by local professional bodies and international organizations. The standards contained in the audit process are echoed in the procedures that are followed (Brown, 2011). The structure is considered a core in the professional practice of auditors and provides principles that guide their performance (Prawitt, Smith, & Wood, 2009).

External review plays a critical role in improving tax planning for investment agencies as well as companies in the sports sector, thus having an economic influence on the Kingdom. It also helps in boosting the spending power of financial units, and keeping budget revenue demands in check, in addition to generating accurate tax files (Mohsin & Abdulkareem, 2022). External audits are also critical to voluntary compliance and the fight against tax evasion by enabling detection and deterrence and reducing tax collection costs. Moreover, incorporating corporate governance techniques results in the enhanced role of independent external auditors in the decision-making process, which brings forth higher quality and consistency in the agencies' decision-making (Magablih, 2020). Well-timed policy instruments, forecasting, and industrial strategy formation initiatives can facilitate the realization of such tools. To make the accounting information more credible, an external audit increases the quality of the financial report that is the basis for investment agencies in the sports sector (Shalaby & Eltobgely, 2016). In general, the role of external review in tax planning practices and corporate governance serves numerous economic functions for the Saudi economy.

Tax planning, a crucial component of tax management, involves calculating the necessary payments and devising strategies to minimize tax liability (Lanis, Richardson, Liu, & McClure, 2019). Micro-decision-making stemming from tax planning is usually led by government fiscal policies, laws, and authorities (Eskandarlee & Sadri, 2017). It is set by the authority to ensure that the tax burden on firms within the given period is eventually reduced through the application of several techniques and approaches (Mulatsih, Dharmayanti, & Ratnasari, 2019). Firms operating on zero tax will spend a lot more on bills, investments, and expansion. In addition, tax planning contributes a great deal towards identifying sources of working capital (Mulyadi & Anwar, 2015). In general, tax planning, as stated by Schwab, Stomberg, and Williams (2022) and Sugeng, Prasetyo, and Zaman (2020), embraces multiple factors. This included legal tax avoidance, utilizing deductible expenses to reduce the tax base, and selecting deductible items over non-deductible items. Tax planning as a concept comprises the activities and processes that ensure a company abides by the different tax laws and regulations while taking advantage of the flexible provisions and loopholes contained in the Tax Reduction Act (Drake, Hamilton, & Lusch, 2020; Kawor & Kportorgbi, 2014). It has a function as a mechanism for the post-tax return optimization through utilizing the tax

incentives that have been covered by the tax laws ([Fisher, 2021](#)).

### ***1.1. Problem Statement***

The Saudi sports law, the most recent in the in the region, is a major milestone in the country's sports development. Its main purpose is to improve and create most sports, making them more convenient for the general public. The main objective of the law is to lay the foundations for a mature framework that would govern the sector, making it a level playing field for organizations and athletes. Moreover, it creates an opportunity for huge investment in the sports sector, which supports the growth and development of the sector and at the same time attracts even local and international investors. In this regard, the law also focuses on transparency, governance, and control parameters that are necessary prerequisites for sports activities to run fairly and honestly. The law aims to halt illicit activities, thereby fostering a safe and secure industry environment. The law does provide a good opportunity and encouragement for the investment and formation of new entities, but these new companies need to follow the rules set out by the tax authorities to avoid any tax evasion. The consequence of non-compliance with the tax laws is that the entities might become criminally liable. Generally, the sport law implementation in Saudi Arabia brings about great potential for the expanding and relevant progress of the sports-related industries ([Farouk, 2020](#)). Recently, the imposition of taxes and regulations in the sports sector has heightened the need for stronger control measures and increased tax education for entities involved in such activities. The application of external auditing principles is therefore critical to enabling the implementation of efficient tax planning practices and the assessment of their impact on the Saudi sports economy ([Memari, Rezaei Pandari, & Bemanzadeh, 2022](#)). This research would thus shine a light on this issue in the context of kingdom's new economic policies, which promote investment in the sport sectors, among other things. It will explore the particular means of external auditing that could offer planning opportunities in the sports sector ([Abid & Dammak, 2022](#)). Additionally, it will delve into the fundamental principles of external auditing, its crucial components, and the potential risks it faces on the sports industry ([Di Simone & Zanardi, 2021](#)). Furthermore, the paper will evaluate the influence of outsourcing external auditing services on the achievement of tax planning objectives for investment agencies and companies in the sports sector, and it will determine how the obtained outcomes bear on the general development of the Saudi economy ([Bull & Faure, 2022](#)).

The implementation of the doctrine of external auditing by the investment institutions and the sports sector companies of the Kingdom is the basis on which the Kingdom's general policy, which has the objective of change and growth, is targeted. On the positive side, the majority of private sports bodies that offer sports services adhere to these principles, even attempting to minimize their tax obligations. The research is going to be done by using the combination method, namely, by using qualitative methods, including surveys and focus groups, and the quantitative method. The second type will be qualitative as well and will include interviews with the key stakeholders, including the organizers of the sports, representatives of the tax authority, investment agencies, and enterprises that are involved in the sporting business. These forums will impart to us the facts of how knowledgeable they are on external auditing concepts, tax planning solutions, and the difficulties they encounter during implementation. We will conduct a survey among investment organizations and companies in the sports sphere to obtain quantitative data. These questions seek a review of the accountants' knowledge of the requirements and performance of external audits and the tax planning process. Through the use of the survey responses and analysis, we will unveil the particular techniques of external auditing that induce tax planning in the sports industry. Furthermore, the study will shed light on the fundamental aspects of external auditing and the main factors that must be taken into consideration for effective performance. Its function is to review the role of external auditors as a body that monitors tax regulatory compliance and financial reporting transparency. In addition, the auditors' issues that impact them in the sports industry, including revenue recognition complexities and tax planning issues, will also be considered.

The conclusions of the completed study will be a basis for thoroughness in the evaluation of the results of implementing external auditing to reach the tax planning goals for investment institutes and sports businesses. Such an impact will be put to work by looking into the effect of adopting audit principles on the economy in Saudi Arabia. This study result will hold great importance for Saudi policymakers, sports organizing committees, and the tax authorities in Saudi Arabia. These panelists will share their knowledge on why external auditing has become a necessary practice for maintaining tax compliance and the development of the sports sector. In addition, the research demonstrates that the recommendations, which encompass a variety of tax practices, can dictate the exit strategy of both investors and companies in the sports industry, thereby contributing to the successful development of the kingdom's economy. At the end of the research, one would determine the role of setting external auditing standards in the growth of tax planning strategies in the sports sector. The research will be based on the identification of specific tax planning ways and means, together with the overcoming of external auditor's problems and the analysis of impact of external auditing on both investor agencies and enterprises. Such a study will be a valuable source of information about the role of external auditing in improving tax discipline and economic growth.

### ***1.2. The Significance of the Research***

The topic of study, rarely explored in academia, has created opportunities for further exploration of research interests in Saudi Arabia and the Arab world. Unfortunately, too little research has been conducted to prove the connection between external auditing and the fulfillment of tax planning practices, and this problem is very important in practice. Future investigations into this matter could provide more clues. By targeting this issue, the research tries to raise the public and necessary authorities' concern about the value that external auditing has in getting tax planning to a variety of investment bodies, associations involved in sports services, and other relevant fields. Furthermore, the research is also in accordance with recent developments and trends in accounting thinking in Saudi organizations, which have considered auditing as a vital tool in the governance stages. The real significance of this study lies in its connection to the modern work of investment agencies and companies. This research also contributes to improving the quality of external audit performance, which is closely related to laying the foundations and pillars of the corporate governance framework, through access to credible and transparent financial statements, and then financial markets based on efficient application of corporate governance activities, in a manner that guarantees protection. The national economy suffered sudden collapses, as a result of corrupt administrative and financial practices. Finally, the business environment in the Kingdom is not isolated from the global business environment, as it is also witnessing many large and complex changes and developments that require the management of bodies and companies to adapt, deal with them, and benefit from them, which requires the need to develop the functions and roles of external auditing in those companies, socialization of the audience' knowledge and skills through the provision of an auditor regarding the efficacy of the suggested external auditing mechanisms, achieved with the aim of enhancing tax planning practices of such companies and overcoming obstacles that they face.

### ***1.3. Research Questions***

Research provides insight into different circumstances related to external auditing, but there is no zone of literature discussing the role of external auditing in revamping the sports sector and the economy of the kingdom. We have thoroughly explored the purpose of this topic and its role in tax planning practices, highlighting the need for further study. The purpose of the research conducted is to investigate external auditing in the sports industry sector, assess its use in planning taxation systems for entities and investment companies; and highlight its effect on the Saudi economy. We have designed the study model with external auditing as the independent variable, tax planning practices in Saudi Arabia as the dependent variable, and the Saudi economy as the dependent variable. **Figure 1** illustrates this process. Therefore, to diagnose the internal auditing performance and to develop the tax-

planning practices and their influence on the Saudi economy, this paper sets up several questions according to our concept. After the acceptable sample was collected and analyzed, it was discovered that some agencies and companies are having issues regarding tax planning practices. We noticed their shortcomings and took step to probe them by polling their opinions. The importance of external auditing in developing tax planning strategies for agencies and investment firms in the sports community was discussed (Q1 – Q4). We will also take into account the development of tax planning methods by sports organizations and investment companies. The factors affecting the realization of tax planning practices by sports organizations and investment companies are also considered. Sports organizations and investment companies utilize external auditing to implement tax planning practices, and this has a significant impact on the Saudi economy (Q5–Q7). Consequently, it is quite interesting to learn that even with thorough and detailed keyword searches, the Scopus database produces a limited sample of research articles that match both "tax planning practices" and "external auditing." Looking ahead requires thorough research on external auditing, tax planning practices, and the Saudi economic environment. The paper primarily focuses on this topic, while also addressing the following research question. This is the main topic of the paper, which also addresses the following research questions:

**Q1.** What are the key principles of an external audit for investment bodies and companies in the sports sector that contribute to achieving tax planning practices?

**Q2.** What are the requirements for a successful external audit of investment agencies and companies in the sports sector to achieve tax planning practices?

**Q3.** What are the challenges faced by external audits of investment agencies and companies in the sports sector in achieving tax planning practices?

**Q4.** What are the measurement and evaluation models that can be used to assess the effectiveness of external auditing by investment agencies and companies in the sports sector in achieving tax planning practices?

**Q5.** What are the different forms of tax planning practices employed by investment agencies and companies in the sports sector?

**Q6.** What are the factors that influence the achievement of tax planning practices in investment agencies and companies in the sports sector?

**Q7.** What are the implications of conducting external audits of sports-related investment funds and organizations for understanding tax planning strategies and their effects on the Saudi economy?

#### **1.4. Literature Review**

The study aims, according to [Ab Wahid and Tan \(2023\)](#) pinpoint the knowledge, abilities, and essential characteristics of external quality auditors (EQAs) that are lacking and lead to audits that don't benefit client companies. Data from 19 chief certification officers and technical auditors of Malaysian-recognized certification bodies was gathered using a survey questionnaire. The data from the respondents was analyzed using bilateral and bivariate analysis. The overall findings show that risk management, and business processes are the most crucial characteristics for EQAs to possess to be successful and contribute value to the audit objectivity, professionalism, ethics, and integrity. Management, operations, and quality management concepts, systems, and standards are the most crucial areas of expertise that EQAs should be familiar with. The three most crucial abilities for auditors are auditing, report writing, and analytical and critical thinking. Next in importance are team management, interpersonal and communication skills, IT, and people skills. [Al Husban, Al-Matarneh, Ghaidan, and Alhusban \(2022\)](#) study from 2023, sought to ascertain how the quality of an external audit affected the connection between professional conduct guidelines and the standard of financial reports for Jordanian industrial equity firms. Jordan, at the time, had 402 references in total. The investigation employed approaches of inference and description. Moreover, the descriptive approach makes use of statistical techniques. Based on the perspectives of external auditors in Jordanian industrial equity enterprises, the study's findings demonstrated a robust correlation between

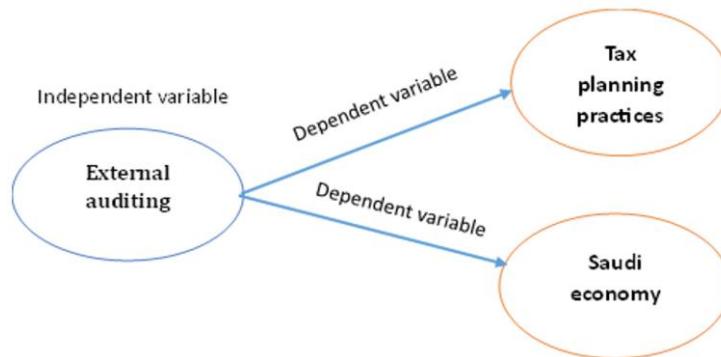
the observance of professional behavior guidelines and the caliber of external audits.

[Majer and Makuac \(2023\)](#) research focused on analyzing the impact of reforms in the management of financial resources on the efficacy of public sector services. According to studies, strategic financial and accounting management improvements showed only small improvements in public perception. Interestingly, budgeting, involvement of stakeholders, and regulations were perceived to have a good effect on the service delivery process. To prevent budgetary problems, government agencies should formulate strategic plans and budgets with wide participation and public agenda. The study, which was based on [Rashid \(2023\)](#) aims at analyzing Arthashastra, a historical text that incorporates various units, including government, environment, politics, and economics. Arthashastra showcases the important points for the economics and politics of the that era through the research. Furthermore, the research discusses the implications of fraud prevention, accounting, auditing, and budgeting in public accounting. The Arthashastra is an exceptional historical document that reminds us to find the balance between the authority of the state and general people's well-being and is so useful for contemporary public finance practices.

The research conducted by [Alassuli \(2023\)](#) had the objective of exploring implications of electronic auditing through correlations between and within different features such as control activities, control environment, monitoring, information and communication, and electronic disclosure. The research results showed that in the Jordanian public participation in businesses, risk assessment as an element of internal control and in the context of electronic disclosure, affected audit risks in different dimensions, including control risks, inherent risks, and detection risks, each of which was statistically significant. Besides that, electronic disclosure made a positive impact and had an influence on decreasing financial risks in Jordanian companies in the sector of public contribution. The study by [Mousavi, Zimon, Salehi, and Stępnicka \(2022\)](#) task was to examine the role of corporate governance mechanisms in the financial performance of the companies involved in the financial sector, covering the attributes of external board and audit committee members in particular. For the sake of the study, data from the companies with TSE listings was used. The results displayed that diverse characteristics of the board of directors, including subcommittees, financial expertise, industrial expertise, and their responsibilities, as well as the characteristics of the audit committee, such as subcommittees, financial expertise, industrial expertise, and their responsibilities, had a negative impact on the number of financial fraud reports and machine learning. It becomes evident from the above findings that sound corporate governance is the crucial element in fighting corruption and boosting the sector across the financial sphere. The study conducted by [Bulyga and Safonova \(2022\)](#) broadened the scope of conventional theories in confirming the legitimacy of information that is much more than in the financial statements with their work on using philosophical concepts in accounting and control environments. They examine current auditing standards, with an emphasis on bolstering user confidence and rationalizing processes. Based on the degree of confidence offered by auditors and the techniques employed to get evidence, the researchers hope to define and classify terminology such as auditing, validation, verification, and confirmation. The study's conclusions contribute to the expansion of auditing procedures by incorporating ESG (Environmental, Social, and Governance) principles into business operations and sustainable development concepts. The aims of [Handoko and Kurniawan \(2022\)](#) were to ascertain how much the effectiveness of remote audits is influenced by efficiency, professionalism, and audit timing. Since primary data for the data processing in this study came from distributing questionnaires to auditors employed by Jakartan public accounting firms, the study is quantitative. The variables competence, professionalism, and audit time duration have a significant impact on the effectiveness of remote auditing, according to statistical analysis using multiple linear regressions. The aim of the study by [Pratama \(2022\)](#) was to determine whether the tax accounting included in the financial statements reflects compliance with tax laws and is pertinent to users' decision-making processes. In Indonesia, 131 licensed tax accountants provided survey data. The findings demonstrated the importance of tax accounting data in enhancing decision-making. However, there are omissions and incomplete data. These results also imply that accounting standard-setters should raise the bar so that tax

accounting benefits financial statement users. The purpose of [Bae \(2017\)](#) research was to determine how auditors perceive corporate tax evasion as a risk factor by examining the impact of the practice on actual audit hours and anomalous audit hours. Managers are incentivized to create murky and complex corporate information environments to successfully evade corporation taxes, which exacerbates information asymmetries. This study used 2,588 observations of businesses listed on the Korea Stock Exchange between 2001 and 2010. We discovered that auditors either increased the number of actual audit hours or provided more abnormal audit hours due to the higher audit risk resulting from corporate tax evasion. By extending the audit and tax literature to examine auditor conduct regarding corporate taxes avoidance and citing corporate tax avoidance behavior as a risk factor in audit preparation, this study adds to the body of knowledge on audit practices and lit. In a study conducted by [Maama, Kimea, and Mkhize \(2023\)](#) the researchers investigated the influence of corporate governance on the association between tax planning and firm value. The findings indicated that tax planning had no impact on the firm's value, while the estimated value of that impact was negative. Another piece of evidence discovered in the research was that large boards harmed the association between tax planning and firm value. On the contrary, the board independence and women's proportion had positive outcomes in this relationship. The research of [Syafi'i, Chandrarin, and Zuhroh \(2023\)](#) centered on how disclosure of tax, tax planning, and governance in case of public companies in Indonesia affect each other. The paper pursued an investigation of the effect of using management opportunism towards tax disclosure and the role of governance in triggering management's decisions regarding taxes. In the study, the results of the research show that tax planning can be considered a strategy underpinning the success of a corporation, but such a strategy, in turn, may diminish the quality of tax information disclosure. Additionally, the analysis underlines the prominent function of governance that affects managers' decisions to do tax waivers.

The study by [Mottaghi and Najafi \(2023\)](#) had the objective of designing a cohesive framework for determining the reliability of taxable income declared by business entities. Based on trust theory, information health theory, law of veracity, and truth theories (correspondence, coherence, and pragmatics) as the selection criteria, the research authors identified what influences the credibility of declared taxable income by companies. The results indicated that auditor factors, technical and regulatory factors, environmental factors, company specific factors, and financial and accounting factors were the priority determinants of income credibility. The study has highlighted the requirement for tax organizations to determine, through these considerations, the credibility of the companies reporting income taxes. The taxable companies are advised to pay serious attention to these considerations to ensure the accuracy of their income allocations. The aim of the [Ratu, Komalasari, and Alvia \(2023\)](#) research was to comprehensively explore and explain tax planning, tax avoidance, and profit management as corporate financial practices. Research not only helped us to understand various ways in which these practices influence financial reporting, corporate governance, and their global tax compliance efforts. A variety of strategies in the context of legitimate tax planning are therefore analyzed as having positive influence on reported earnings. On the other hand, by tax planning solely permits the creation of a small profit, it can lead to a situation of mistrust and global control by the tax authorities. [Figure 1](#) illustrates how the study model was constructed.



[Figure 1](#). The study model was constructed.

## 2. MATERIALS AND METHODS

### 2.1. Research Sample

This research consists of the tax department of the Saudi Tax Authority and the research team, which is composed of tax assessors, tax accountants, auditors, and managers. Furthermore, the government officials from the Ministry of Sports and Ministry of Investment are also included, as are the governance staffs of the committees and the sectoral governments. Additionally, in public administration, there are commercial law experts, economic law experts, and sports law experts, who together form the knowledge base. Specific Saudi sports federations have their committee members as their members on the boards of directors. The study population comprised 350 people among whom researchers were included. Similarly, if the sample is seen in [Table 1](#).

**Table 1.** Description of the study sample.

No.	The sample	Basic sample
1	Employees of the tax departments of the Saudi tax authority, whether from (Tax assessors, tax accountants, auditors, managers)	78
2	Representatives of the ministry of sports	61
3	Representatives of the ministry of investment	49
4	Those in charge of managing bodies and companies engaged in sports services	57
5	Commercial and economic law experts	32
6	Experts in sports law and sports management	26
7	Members of the boards of directors of some Saudi sports federations	47
Total		350

### 2.2. Research Instruments

During the study, the research methodology involved working with documents and records of the sample population and community. We constructed a survey to assess the impact of external audits on the tax planning procedures of investment agencies and firms in the sports industry, which significantly affect Saudi Arabia's economy. The questionnaire consisted mainly of 76 statements, and the participants of the study sample were required to make their responses on a three-point Likert scale (yes," 3 points," to some extent,"2 points," 1 point,"no). Answers are graded on a three-point scale, where answers are converted into points representing the extent to which participants agree or disagree. Participants grade their answers on a three-point scale, converting them into points that indicate their level of agreement or disagreement. The questionnaire was designed to cover seven different axes, within which are issues like the external auditing principle, the requirements for successful external auditing, the challenges of external auditing, measurement and evaluation models for assessing the efficiency of external auditing, tax planning practices, and their forms, the factors affecting the implementation of tax planning practices, and the impact of external auditing on tax planning practices and the Saudi economy. To ensure the validity and reliability of the questionnaire, an extensive review of its content was done, as items were derived from a preliminary study or validated measures. We built the questionnaire's framework on the solid foundation of the research. The use of the standard Likert scale with three levels provided a balanced approach to the ranking of participants' views on the items, and the scale ensured an effective and unambiguous understanding of the questions while at the same time maintaining reasonably controlled response options. The internal consistency coefficient, according to Cronbach's alpha, turned out 0.76 to be generally, acceptable for this research and showed the tool's validity and reliability. We conducted the study from August 23<sup>rd</sup> to October 22<sup>nd</sup>, 2023. In comparison to previous studies, this research contributes by specifically focusing on the impact of external audits on tax planning procedures within the sports industry in Saudi Arabia. The detailed questionnaire design, rigorous validation process, and reliable internal consistency coefficient enhance the credibility and robustness of the study's findings.

### 3. STATISTICAL ANALYSIS

The statistical package deal for the social sciences is accelerated through IBM SPSS Statistics 26. Lnk, which is based totally in Chicago, Illinois, in the United States. Many statistical strategies have been used to observe the accumulated records, which include advocate, elegant deviation, possibilities, chi-square ( $\chi^2$ ) checks, and Pearson and Cronbach's correlation coefficients. These statistical coefficients are computed, and the importance stage, which is ready at 0.05., is decided by the use of the Statistical Package for the Social Sciences (SPSS) software program.

### 4. RESULTS

Figures 2–8 provide responses to common inquiries from external auditors regarding the impact of the sports industry and companies' and associations' risky tax planning on the Saudi economy.

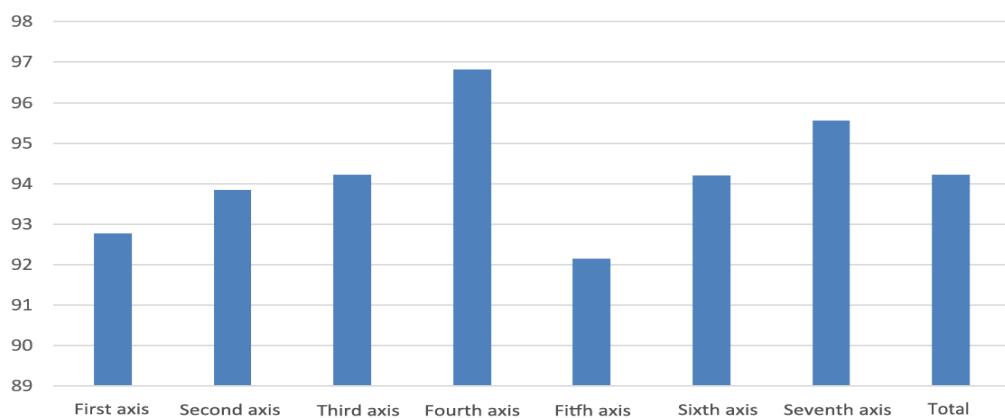


Figure 2. Average response to the questionnaire axes and the questionnaire as a whole.

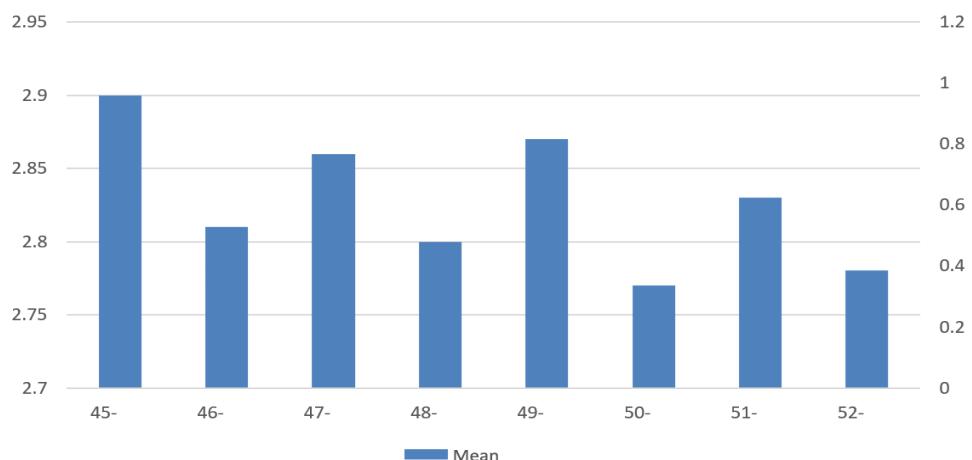


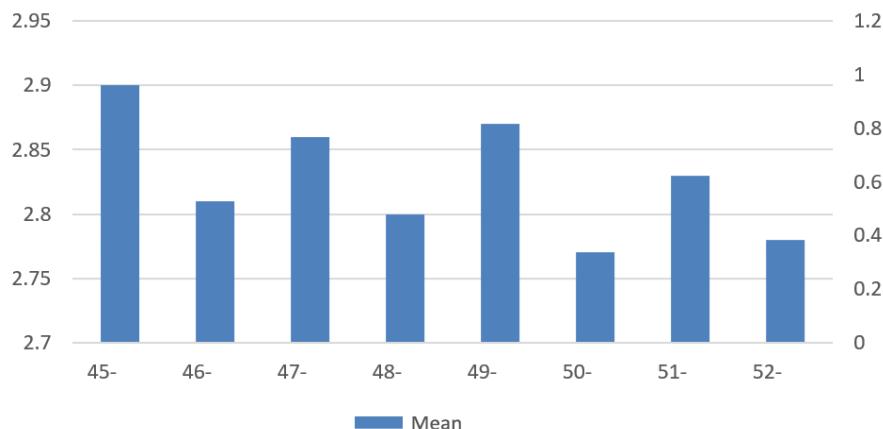
Figure 3. Average response to the first axis.

In Table 2, the mean gauge for the first axis is 2.77, which suggests slight positivity regarding the principles of external auditing from the respondents. The  $\chi^2$  value of 2456.16 is statistically significant ( $p < 0.001$ ), indicating a significant association between the respondents' opinions about the overall axis of the issue. The KMO measure of sampling adequacy equals 0.894 and is considered good, while Bartlett's test of sphericity is statistically significant ( $p < 0.001$ ), so this data is good enough for factor analysis. The outcome of the survey indicates that the majority of the participants are in agreement on the main principles of auditing: the very clear indication of duties and responsibilities; the most accurate disclosure of the needed information, the existence of a proper legal basis, the use of up-to-date technologies, the protection of the consumers' or shareholders' rights, the determination of the proper shareholders rights; and their equal treatment by these bodies.

**Table 2.** The mean, standard deviation, chi-square, and percentage of the first axis: principles of external audit.

No.	Item	Mean	Std.	$\chi^2$	Sig.	%
1-	Precise identification of the duties and responsibilities of the boards of directors of these bodies and companies	2.73	0.65	406.39	0.001	91.0
2-	Disclosure of real information to everyone related to these bodies and companies	2.83	0.44	440.47	0.001	94.3
3-	The existence of a reference and a legal basis that clarifies the general framework of the external audit	2.76	0.53	367.93	0.001	92.0
4-	Using modern technologies and modern computer programs	2.77	0.53	376.15	0.001	92.3
5-	Protecting the rights of stakeholders dealing with these bodies and companies	2.75	0.50	337.12	0.001	91.7
6-	Determining the rights of shareholders in these bodies and companies	2.81	0.50	428.68	0.001	93.7
7-	Equality in dealing with all these bodies and companies	2.73	0.50	295.72	0.001	91.0
The average response of the axis		2.77	0.50	2456.16	0.001	92.3
KMO and Bartlett's test					0.894	

Note: % = Percentage of participants' opinions.

**Figure 4.** Average response to the second axis.**Table 3.** The mean, standard deviation, chi-square, and percentage of the second axis: The requirements for the success of the external audit.

No.	Item	Mean	Std.	$\chi^2$	Sig.	%
8-	Determine the rules related to the external audit of these bodies and companies	2.73	0.52	314.78	0.001	91.0
9-	Achieving tax justice (Comprehensiveness and tax rate, tax exemptions)	2.84	0.42	446.58	0.001	94.7
10-	Continuous evaluation of the control methods used	2.86	0.41	473.58	0.001	95.3
11-	Scientific and professional qualification of external auditors	2.85	0.40	456.16	0.001	95.0
12-	Confirmation of adherence to professional standards	2.82	0.47	430.57	0.001	94.0
13-	Providing an integrated system of internal control and establishing accountability and accountability rules	2.78	0.50	378.28	0.001	92.7
The average response of the axis		2.81	0.43	2406.07	0.001	93.7
KMO and Bartlett's test					0.896	

Note: % = Percentage of participants' opinions.

In **Table 3**, the average response for the second scale is 2.81, which is slightly more than 2.5, indicating moderate agreement by the respondents about the requirements that should be set in place to have a successful outside audit. Our chi-square value of 2406.07 was statistically significant ( $p < 0.001$ ), suggesting an existing association between the respondents' opinions and the axis overall. The sampling adequacy measure of Kaiser-

Meyer-Olkin (KMO) is 0.896, which is considered good, and Bartlett's test of sphericity (BTS) is significant at ( $p<0.001$ ). It implies that the data is acceptable for factor analysis. In sum, as all respondents point out the need for the key success factors of external audits, such as regulation, tax justice, continuous evaluation of control systems, and scientific and professional qualification of auditors, they also emphasize principles of compliance with professional standards, and of having an integrated system of both internal control and accountability rules.

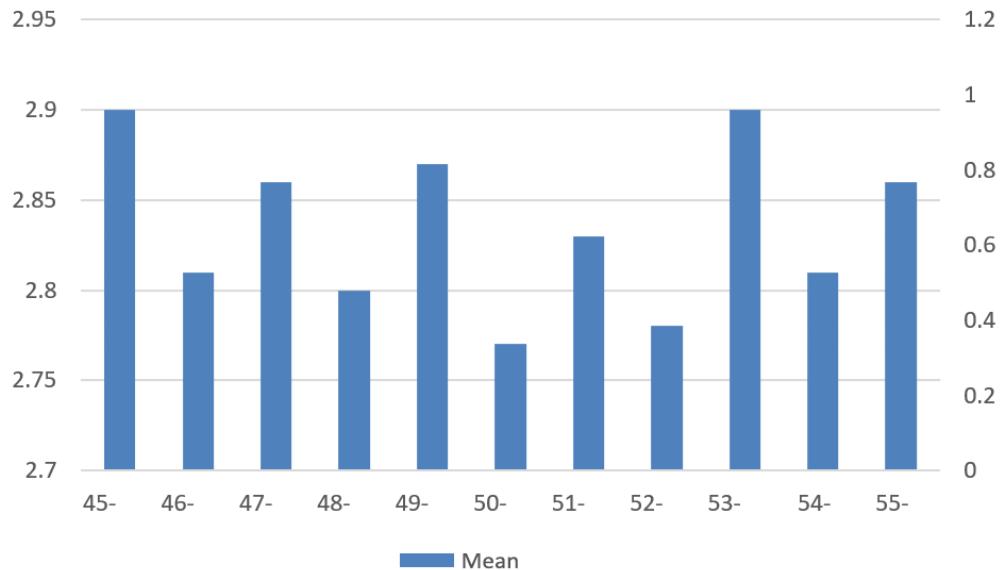


Figure 5. Average response to the third axis.

Table 4. The mean, standard deviation, chi-square, and percentage of the third axis: The challenges facing the external audit.

No.	Item	Mean	Std.	X <sup>2</sup>	Sig.	%
14-	Challenges related to the external audit itself (Strategy, functional areas, technology, people, use of analytics, documentation)	2.86	0.37	462.55	0.001	95.3
15-	Challenges related to the data itself (Volume, variety, speed, value, credibility)	2.83	0.43	437.10	0.001	94.3
16-	Challenges related to data processing (Data capture and recording, data modeling and analysis, presenting results to beneficiaries)	2.83	0.44	423.98	0.001	94.3
17-	Challenges associated with the Authority and the company under review	2.77	0.48	354.59	0.001	92.3
18-	Challenges related to data management (Privacy, governance, skills)	2.84	0.45	453.67	0.001	94.7
19-	Challenges related to the protection of accounting data and information	2.85	0.42	455.06	0.001	95.0
20-	Challenges related to economic changes	2.83	0.44	423.98	0.001	94.3
21-	Challenges related to professional skills	2.77	0.48	354.59	0.001	92.3
22-	Challenges associated with cooperation with other institutions	2.84	0.45	453.67	0.001	94.7
23-	Challenges related to quality and competitiveness	2.82	0.42	1933.14	0.001	94.0
The average response of the axis		2.86	0.37	462.55	0.001	95.3
KMO and Bartlett's test					0.895	

Note: % = Percentage of participants' opinions.

In Table 4, the overall response for the third axis equals 2.86, which is the rate of agreement among respondents as to the challenges the external audit experiences. With a chi-square value of 462.55, the p-value ( $p < 0.001$ ) is statistically significant, meaning that there is a strong association between the respondents' overall opinion on the axis. The Kaiser-Meyer-Olkin (KMO) sampling adequacy measure and Bartlett's test of sphericity (BTS) are,

respectively, 0.895 and  $p < 0.001$ . The KMO measure is considered good, and the BST is statistically significant, hence, the data is suitable for factor analysis. As a whole, the results demonstrate that the respondents are united in their opinions on a common set of issues that might be considered to pose a challenge to the external audit, such as an audit-related challenge, issues related to data, issues related to data processing, issues related to authority both of the audit firm and the audited company, and issues related to data management.

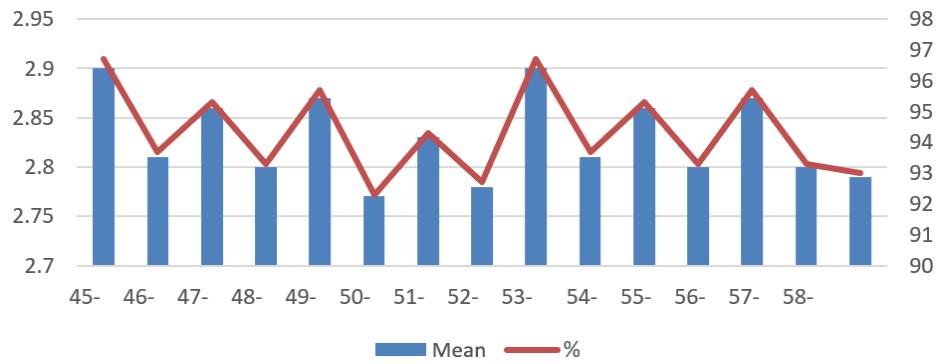


Figure 6. Average response to the fourth axis.

**Table 5.** The mean, standard deviation, chi-square, and percentage of the fourth axis: Measurement and evaluation models that can be used to judge the effectiveness of external auditing.

No.	Item	Mean	Std.	X <sup>2</sup>	Sig.	%
24-	The existence of objective criteria	2.93	0.27	565.48	0.001	97.7
25-	Having an independent administrative body	2.90	0.37	547.89	0.001	96.7
26-	Practical experience of members of the audit office	2.61	0.52	197.39	0.001	87.0
27-	Relying on the results of the audit to see the efficiency of the financial systems in place	2.33	0.90	163.36	0.001	77.7
28-	The stability of the administrative system within those bodies and companies	2.90	0.33	519.13	0.001	96.7
29-	The existence of internal regulations regulating the form, nature, and manner of work within those bodies	2.87	0.40	506.99	0.001	95.7
30-	The presence of highly qualified specialists to work in the investment field in these bodies	2.83	0.42	416.82	0.001	94.3
31-	Paying attention to setting relevant standards and foundations	2.90	0.37	547.89	0.001	96.7
32-	The presence of an experienced administrative body in these institutions	1.81	0.85	30.55	0.001	60.3
33-	Practical experience of management members	2.89	0.37	527.59	0.001	96.3
34-	Relying on audit results to determine efficiency	2.90	0.36	532.96	0.001	96.7
35-	The success of departments within agencies and companies	2.90	0.33	519.13	0.001	96.7
36-	The existence of business regulations	2.87	0.40	506.99	0.001	95.7
37-	The presence of experts in the field of sports investments	2.93	0.29	575.32	0.001	97.7
The average response of the axis		2.75	0.36	971.20	0.001	91.7
KMO and Bartlett's test					0.854	

Note: % = Percentage of participants' opinions.

In Table 5, respondents show moderate to high agreement on the fourth axis (average response 2.75) for judging external auditing effectiveness. A statistically significant chi-square value of 971.20 ( $p < 0.001$ ) indicates an association between opinions. Sampling adequacy (KMO 0.854) is acceptable, and Bartlett's test ( $p < 0.001$ ) confirms data suitability for factor analysis. There was a lot of agreement among the respondents about how important is to have objective criteria, an independent administrative body, experienced audit office staff, stable administrative systems, internal rules, and highly qualified specialists when it comes to measuring and evaluating the effectiveness of external auditing.

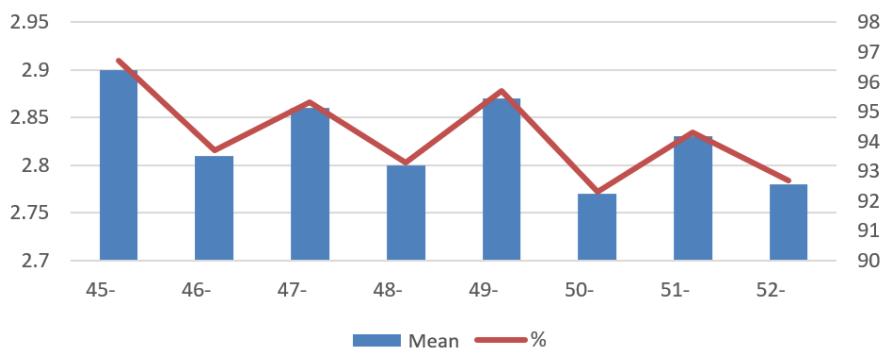


Figure 7. Average response to the fifth axis.

Table 6. The mean, standard deviation, chi-square, and percentage of the fifth axis: Forms of tax planning practices.

No.	Item	Mean	Std.	X <sup>2</sup>	Sig.	%
38-	Choosing the appropriate legal form for business establishments	2.75	0.45	312.79	0.001	91.7
39-	Plan to avoid paying the tax if legally possible	2.81	0.45	410.51	0.001	93.7
40-	tax shelter	2.73	0.58	337.12	0.001	91.0
41-	Benefit from deductible costs from the tax base	2.76	0.55	379.14	0.001	92.0
42-	Postponing the tax due as much as possible by recognizing all costs and expenses	2.71	0.62	343.15	0.001	90.3
43-	Benefit from all exemptions stipulated in the tax law and related laws	2.77	0.54	392.30	0.001	92.3
44-	Practicing financial, administrative, and accounting procedures	2.84	0.45	453.67	0.001	94.7
The average response of the axis		2.77	0.49	2713.69	0.001	92.3
KMO and Bartlett's test				0.904		

Note: % = Percentage of participants' opinions.

Table 6, the value of the mean for the fifth axis is 2.77, which shows between 'moderate' and 'agree' agreement levels of the respondents towards the forms of tax planning practices.  $\chi^2 = 2713.69$  is statistically significant ( $p < 0.001$ ); this means that the overall axis has a significant relationship with the respondents' opinions. The KMO measure of sampling adequacy is 0.904, and this is good enough, while the Bartlett's test of sphericity is statistically significant ( $p < 0.001$ ), which suggests that the data is appropriate for factor analysis. This overall result demonstrates that the respondents in general consider value of most tax planning practices, including the tax planning, to be legal, such as the choice of a proper legal form, charitable donations, benefiting from the deductible costs, timing of the payments, tax exemptions, tax shelters, and good financial, administrative, and accounting procedures.

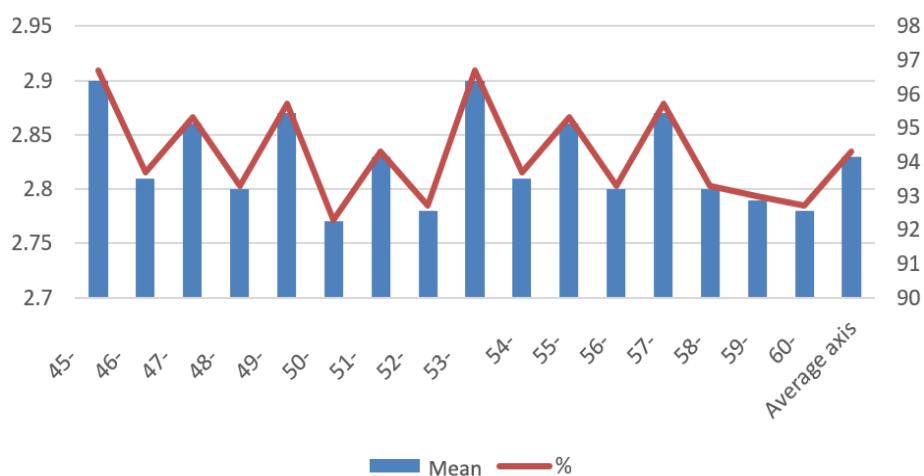


Figure 8. Average response to the fifth axis.

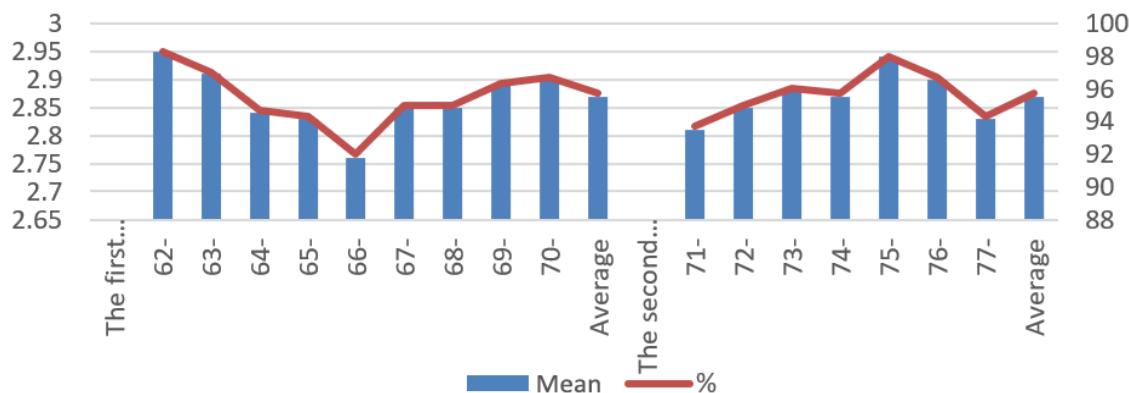
**Table 7.** The mean, standard deviation, chi-square, and percentage of the sixth axis: The factors affecting the achievement of tax planning practices.

No.	Item	mean	Std.	$\chi^2$	Sig.	%
45-	Diversity and multiplicity of taxes and fees payable	2.90	0.35	528.25	0.001	96.7
46-	Weakness and low level and efficiency of workers in tax administrations	2.81	0.50	446.92	0.001	93.7
47-	Non-application of auditing principles in sports investment bodies and companies	2.86	0.41	478.29	0.001	95.3
48-	Lack of understanding and ambiguity of legal texts	2.80	0.48	408.18	0.001	93.3
49-	Poor performance of tax administrations in their follow-up to these bodies and companies	2.87	0.40	483.47	0.001	95.7
50-	Poor internal organization of these bodies and companies	2.77	0.54	379.50	0.001	92.3
51-	Recent application of legal texts	2.83	0.42	416.82	0.001	94.3
52-	Corruption by officials of these bodies and companies	2.78	0.55	413.77	0.001	92.7
53-	Diversity and multiplicity of fees due	2.90	0.35	528.25	0.001	96.7
54-	Weakness and low level and efficiency of tax department managers	2.81	0.50	446.92	0.001	93.7
55-	Failure to apply auditing principles in sports institutions	2.86	0.41	478.29	0.001	95.3
56-	Avoid the provisions of the laws and do not implement them	2.80	0.48	408.18	0.001	93.3
57-	- Poor performance of tax department managers	2.87	0.40	483.47	0.001	95.7
58-	- Weak external regulation of these bodies and companies	2.80	0.45	387.30	0.001	93.3
59-	Application of ancient legal texts	2.79	0.53	409.86	0.001	93.0
60-	The presence of corruption by department managers in institutions and companies	2.78	0.55	413.77	0.001	92.7
The average response of the axis		2.83	0.44	3696.19	0.001	94.3
KMO and Bartlett's test				0.813		

Note: % = Percentage of participants' opinions.

**Table 7**, the sixth axis scale's average response is 2.83, which shows that tax planning practices are affecting a moderate level among respondents. Statistical significance of the chi-square, which is 3696.19 ( $p < 0.001$ ), shows that there is a significant correlation between the opinions of participants on the overall axis of leadership. The 0.813 value of the Kaiser-Meyer-Olkin (KMO) index implies that the sampling adequacy is good, and Bartlett's test of sphericity is statistically significant ( $p < 0.001$ ), stating that the data can be used for factor analysis. The overall findings from the returns imply that the major factors that impact tax planning practices are the variety and volumes of taxes and fees payable, the low level and weakness of tax administration staff, imperfection of audit principles, lacking understanding, and general misunderstanding of legal texts, poor performance of tax administrations, lack of internal structuring, recent entry into new acts, and corruption by officials.

**Figure 9** illustrates the average response to the fifth axis.

**Figure 9.** Average response to the fifth axis.

**Table 8.** The mean, standard deviation, chi-square, and percentage of the seventh axis: The reflected effects of the external audit in realizing tax planning practices and the Saudi economy.

<b>The first dimension: The impact of the application of external audit in achieving tax planning practices</b>		<b>mean</b>	<b>Std.</b>	<b>X<sup>2</sup></b>	<b>Sig.</b>	<b>%</b>
61-	The existence of a relationship between the external audit and the achievement of tax planning practices	2.95	0.23	602.68	0.001	98.3
62-	Applying the principles of external auditing activates tax planning practices	2.91	0.31	549.26	0.001	97.0
63-	The ability to distinguish indicators of deviation in records and financial statements	2.84	0.41	433.96	0.001	94.7
64-	The application of external audit increases confidence and credibility in financial reports	2.83	0.46	453.28	0.001	94.3
65-	The external audit protects an ethical dimension of the accounting practices of these bodies	2.76	0.54	375.30	0.001	92.0
66-	The application of external audit reduces tax evasion and avoidance	2.85	0.45	495.95	0.001	95.0
67-	The external audit is one of the means of prevention of tax evasion and avoidance	2.85	0.42	468.45	0.001	95.0
68-	Applying the principles of external auditing increases tax awareness	2.89	0.38	522.26	0.001	96.3
69-	Provide accurate and comprehensive financial and administrative data for internal and external parties	2.90	0.33	533.65	0.001	96.7
The average response of the axis		2.87	0.37	4140.30	0.001	95.7
KMO and Bartlett's test		0.926				
<b>The second dimension: The effect of applying external auditing on tax planning practices on the Saudi economy</b>		<b>Mean</b>	<b>Std.</b>	<b>X<sup>2</sup></b>	<b>Sig.</b>	<b>%</b>
70-	Higher tax revenue	2.81	0.49	420.79	0.001	93.7
71-	Provide the necessary and sufficient financial allocations to cover expenditure	2.85	0.38	440.44	0.001	95.0
72-	Increasing financial allocations and reducing tax evasion	2.88	0.40	516.97	0.001	96.0
73-	achieving economic development	2.87	0.40	492.64	0.001	95.7
74-	Public spending on information infrastructure and provision of basic needs	2.94	0.23	274.57	0.001	98.0
75-	Improving people's living conditions	2.90	0.36	537.78	0.001	96.7
76-	Increase government revenues	2.83	0.42	425.32	0.001	94.3
The average response of the axis		2.87	0.36	2939.59	0.001	95.7
KMO and Bartlett's test		0.869				
The average response to the total questionnaire		2.82	0.42	3639.49	0.001	94.0
KMO and Bartlett's test		0.886				

Note: %= Percentage of participants' opinions.

**Table 8**, the data presented allows for the division of the seventh axis into two dimensions: First Dimension: How applying external auditing helps achieve tax planning methods. The average response for this dimension is 2.87, suggesting that respondents have a moderate to high degree of agreement about how applying external auditing helps achieve tax planning practices. There is a statistically significant correlation ( $p < 0.001$ ) between respondents' thoughts on the overall dimension and the chi-square value of 4140.30. The data is adequate for factor analysis; the Bartlett's test of sphericity is statistically significant ( $p < 0.001$ ), and the Kaiser-Meyer-Olkin (KMO) score of sampling adequacy is 0.926, which is deemed good. The average response for the second dimension, which examines the impact of applying external auditing on tax planning practices on the Saudi economy, is 2.87. This suggests that respondents have a moderate to high degree of agreement about the impact of applying external auditing to tax planning practices on the Saudi economy. There is a statistically significant correlation ( $p < 0.001$ ) between respondents' opinions on the overall dimension and the chi-square value of 2939.59. The data is suitable for factor analysis, as shown by the statistically significant ( $p < 0.001$ ) results of the Bartlett's test of sphericity and the good Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (0.869). The average response rate to the entire

questionnaire, 2.82, suggests that respondents have a moderate degree of agreement about how the external audit represented tax planning methods and the Saudi economy. There is a statistically significant ( $p < 0.001$ ) correlation between respondents' thoughts on the entire questionnaire and the chi-square value of 3639.49. The data is adequate for factor analysis; Bartlett's test of sphericity yields a statistically significant result ( $p < 0.001$ ), and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is 0.886, which is deemed good.

## 5. DISCUSSION

The study's findings show that there is a moderate degree of agreement among the sample participants on the following topics: tax planning approaches, audit planning models, measures and evaluation methods for assessing the effectiveness of external auditing, and its types; external auditing challenges; and external auditing principles (Al Husban et al., 2022). Moreover, the survey showed that tax planning strategies, like choosing a correct legal structure, developing schemes to diminish taxes, and making use of deductible expenses were supported by the majority of the participants in the sample. Besides, there are factors like the diversity of taxes, possession of various sources of income and the existence of weak tax administration, and an insufficient understanding of legal texts that also shape tax planning practices.

Saljeni, Samsonova-Taddei, and Turley (2019) reported the results of the study, which supported this claim. The research was concerned with establishment auditing standards and modification of auditors' skills set to include more technological competencies. The authors of the research – Ab Wahid and Tan (2023) – emphasized the relevancy of auditor's merit and competence in providing correct, fair, unbiased, and transparent information during the audit process. The present study is in accordance with the one that was done by Warren, Moffitt, and Byrnes (2015), wherein they highlighted the fact that accounting and auditing standards are necessary in designing the administrative control system for the various stakeholders. Transparency procedures are enhanced, and the auditing profession is constantly considered as the main source of significant information. Bae (2017) where he reveals that taxation is impacted simultaneously by tax legislation and accounting standards corroborates this. Therefore, from the results of the external audit, tax strategy recommendations can be derived.

The observations confirm that the respondents are in unison as regards the relevance of the components, which include truthful information disclosure, clearly defined job descriptions, and application of current control mechanisms in external audits. Moreover, they also realize the substantiality of mandates covering topic as rule formulation, tax equity, and the coming up of certified auditors (Abasi, Azad, & Hafashjani, 2015). The respondents also raised the issues concerning the data, authorities, the audited organization and the data and the auditing procedure in addition to this procedure. Other than that, the respondents in this sample confirm that they all agree on the importance of such activities when it comes to tax planning, for instance, choosing the appropriate business structure, avoiding taxes legally, and deducting expenses that tend to be tax-efficient (Beasley, Goldman, Lewellen, & McAllister, 2021). Latest research demonstrates the prevalence of the problems related to auditing controls. Therefore, it is important to develop auditing standards and also adjust the skills needed. Bulyga and Safonova argue for a comprehensive renovation of sovereign reporting audit rules, which would enhance the assurance effect of auditor judgement and consumer confidence in auditor information (Bulyga & Safonova, 2022). Wahid and Tan strongly highlight the fundamental know-how, tools, and attributes that external quality auditors (EQAs) should command to add value to the audit process, such as quality management principles, risk management and critical thinking (Ab Wahid & Tan, 2023). According to Budiandru study, public accounting firms could take action in order to improve their auditor performance, as it seems to have a positive impact on auditor professionalism (Budiandru, 2022). The study by Handoko and Kurniawan reviewed the efficiency of distant audits and brought out the role played by quality, professionalism, and audit period in effective remote auditing (Handoko & Kurniawan, 2022).

The insights agree with results, of Carson et al. (2013) and Brooks and Sun (2020) whereby without the external cloud of audits, companies would likely increase over-invoicing and tax evasion tactics. They also

recognize that key factors such as tax variety, tax administrations with low efficiency, and poor understanding of law could affect the tax planning methods used equally. The findings of the current study are also in line with those of the other studies conducted by Yakin, Suyanto, Putri, and Putry (2023) and Pratama (2022). As for research on external auditing, these studies also cover the importance of rule setting and tax justice, as well as having well-qualified auditors. Yet, they highlighted the importance of strengthening the model of standard setting in accounting, to make it more convenient for financial information users. Therefore, the studies identified the tax accounting data as one of the crucial statistic for prompt decision-making. The research of Kanagaretnam, Lee, Lim, and Lobo (2016) demonstrated that the higher level of audit quality correlates with the lesser amount of abstract tax avoidance strategies, which indicates that better quality audits decrease this practice. The case of Bae (2017) suggests that tax strategies can be influenced by accounting standards and tax laws, which, in turn, can provoke external auditors to make recommendations concerning this kind of regulation. Pratama (2017) found out that the corporate governance factors also affect tax avoidance, which is related to the position of governing well-established tax concerns. Dagilienė and Klovienė (2019) found barriers, which include long-term contracts that compels an auditing firm to take part in the negotiations with forces of independence. Salijeni et al. (2019) highlighted the need for auditors to receive training or develop standards to effectively address industry changes. Regarding the role of external auditing in tax planning and the Saudi economy, stakeholders seem to agree that performing auditing activities leads to positive effects in these two facets. They also acknowledge the involvement of external audits in steering the practices of tax planning, which ultimately affects the economy as a whole. On the whole, respondents demonstrate a rather moderate consensus over the auditing and the role it nurtures in the tax planning practices and the state of the Saudi economy, as the statistical analysis outlines. They also emphasize that in the research conducted by Cooper and Nguyen (2020) some of the important things should be done to improve the tax planning practices for tax agencies as well as for the companies.

Moreover, studies by Choi, Hu, and Karim (2020); Drake et al. (2020) and Fernández-Rodríguez, García-Fernández, and Martínez-Arias (2021) indicate that the lack of adherence to review principles in organizations and companies significantly impacts investment decisions. Additional studies by Wahab and Holland (2012); Iriyadi, Tartilla, and Gusdiani (2020) and McClure, Lanis, Wells, and Govendir (2018) reveal challenges to the implementation of tax planning for agencies and companies. The table shows agreement on the benefits of external audits for tax planning in Saudi Arabia's economy, especially in the sports sector. External audits help ensure accurate data disclosure, protect stakeholder rights, and promote transparency. They are crucial for preventing tax planning practices and enhancing financial transparency in sports investments. Research by Bayar, Huseynov, and Sardarli (2018) supports this, showing that external audits decrease arbitrary tax planning, reduce information gaps, and boost confidence in financial decisions. These practices also benefit the overall Saudi economy by ensuring financial stability and promoting investment growth. Taxation rates impact investment choices, with sports investments playing a key role in economic development. Bae (2017) also mentions how accounting standards and tax laws influence taxation, and recommends using external audits for tax strategies. Tax authorities and businesses should consider the following variables when preparing their taxes, according to Cooper and Nguyen (2020).

Tax planning has an impact on investment and continuity decisions. Studies conducted in 2020 by Fernández-Rodríguez et al. (2021); Drake et al. (2020) and Choi et al. (2020) demonstrate how investment decisions are impacted by a lack of review principles. Tax planning for agencies and businesses presents obstacles, as noted by Wahab and Holland (2012); Iriyadi et al. (2020) and McClure et al. (2018). The table results demonstrate agreement regarding the advantages of external audits in putting tax planning into practice for entities in the sports industry in Saudi Arabia's economy. External audits help disclose accurate data, identify all activities, and protect stakeholders' rights. They are a key prevention measure for achieving tax planning practices, enhancing disclosure and transparency in sports investment finances. This supports Bayar et al. (2018) study findings on corporate

governance decreasing arbitrary tax planning and promoting stability. External audits and tax-planning impact Saudi Arabia's economy by providing financial resources for investment projects, crucial for economic growth. Tax rates influence investment decisions, with sports investments playing a vital role in economic development, as shown by [Bae \(2017\)](#) study on accounting standards, tax laws, and external audit recommendations for tax strategies.

## 6. CONCLUSIONS

The research endeavors to find the influence of external auditors over tax planning practices of sports companies and investment businesses in Saudi Arabia, and the impact that influences the Saudi economy. The research involved 350 participants, who responded to the questionnaire, which served as the primary information source. Results of the research highlighted that external auditing principles, for instance, responsibility identification and information disclosure about what is accurate, are vital. Effectiveness in external auditing is dependent on the tax system, fairness, and the regular review of controlling methodologies. The key challenges for external auditing include the problems with data processing and its management. Tools like objective criteria, which rely on audit outcomes, can evaluate the effectiveness of external auditing. There was a consensus on the tax planning methods that were primarily comprised of legal structure selection and the cost deductions, which were influenced by aspects such as the tax diversity as well as administrative weaknesses. Implementation of external auditing was providing grounds for tax planning practices and for the Saudi economy, as the phenomenon opened up many new perspectives.

### 6.1. Practical and Managerial Implications

The main purpose was to determine the effect of external auditing on tax planning activities carried out by sports entities and investment companies in Saudi Arabia, both practically and administratively. The results showed several noteworthy effects, such as: Principle of examination adherence has been found to be enhanced through execution of an external audit, pooling in, documenting precise accountability roles and responsibilities, truthful information disclosure, and use of current methods. This strengthening, in other words, renders the financial and fiscal processes more reliable and open. Improved efficacy and efficiency in tax planning: The study found that placement is a beneficial means to regain confidence and self-esteem. It develops the stakeholder trust in the integrity of the system by giving trusted and independent reports regarding tax planning strategies and compliance with the tax laws and regulations.

Better financial and tax management: According to the study, investing companies and sports organizations can benefit from external auditing when it comes to better financial and tax management. It finds strengths and weaknesses through impartial evaluations of processes and systems, directing required changes for improved management techniques. The aforementioned results highlight the pragmatic and managerial advantages of introducing external auditing in order to attain efficient tax planning strategies and foster a strong economy within the Saudi Arabia.

### 6.2. Limitations and Future Studies

The external auditing of sporting associations in Saudi Arabia, particularly those involved in the investment of funds and sports clubs, has several barriers to applying tax planning strategies. In order to summarize the results of this study, it is critical to note some of its limitations. The research study used a survey as the major data collection instrument. This presents a limitation. A situation can emerge in surveys where the respondents give their answers in a way that they think society accepts, what others expect them to do, or just to make their answers better. Such perception could result in filling respondents' answers with insufficient data or even hiding some information. Furthermore, the survey may have overlooked certain particularly relevant signals or other factors that somehow

influence the process of tax planning and external auditing. Another weakness of this research is that the study has a relatively small sample size. The sample study of 350 participants may not be representative of all the sports entities and the investment corps in the Saudi sports industry. Therefore, researchers must exercise caution when applying the study findings in larger settings. Although the material might have some shortcomings, it can be a great starting point for the research. Such a study's limitations can be dealt with in further research by incorporating larger and more inclusive groups that represent a wide variety of sports organizations, investment funds, and regions in the Kingdom of Saudi Arabia. The use of structured and well-designed research methods would address this limitation and offer deeper insights into how the external audit improves tax planning strategies and their effect in the Kingdom of Saudi Arabia as well as other countries. The different tax problems they might face while trying to comply with various regulations and the help they may get from external audit services during this process may be the subject of the next research project. As a result, we will perform an analytical study that will demonstrate how investment firms and businesses in the sports industry of Saudi Arabia influence the Saudi economy. In this study, we present the impact of those practices on employment levels, investments, and economic growth prospects in the sports industry of Saudi Arabia and firm financial and economic data as well. We may carry out the research with the help of the economic and financial records, which will tell us about the consequences of these practices on employment, investment opportunities, and the economy of Saudi Arabia's sports sector. Still, there is diversity in the methods of research used by different studies, including, among others, surveillance, interviews, and field studies.

**Funding:** This research is supported by King Faisal University, Saudi Arabia (Grant number: GRANTA212).

**Institutional Review Board Statement:** The Ethical Committee of the King Faisal University, Saudi Arabia has granted approval for this study on 16 December 2023 (Ref. No. KFU-REC-2023).

**Transparency:** The authors state that the manuscript is honest, truthful, and transparent, that no key aspects of the investigation have been omitted, and that any differences from the study as planned have been clarified. This study followed all writing ethics.

**Data Availability Statement:** The corresponding author can provide the supporting data of this study upon a reasonable request.

**Competing Interests:** The authors declare that they have no competing interests.

**Authors' Contributions:** Conceptualization, A.K.H., M.S.A. and K.M.Z.; methodology, L.A.A., M.I.A.A. and H.A.E.S.E.; software, formal analysis, K.M.Z., and A.K.H.; validation, A.K.H., and L.A.A.; investigation, M.I.A.A.; resources, M.S.A. and H.A.E.S.E.; data curation, writing—original draft preparation, funding acquisition, A.K.H.; writing—review and editing, A.K.H., and M.I.A.A.; visualization, H.A.E.S.E., and L.A.A.; supervision, M.S.A; project administration, K.H.A. and K.M.Z. All authors have read and agreed to the published version of the manuscript.

## REFERENCES

- Ab Wahid, R., & Tan, P.-L. (2023). QMS external quality auditors' competency requirements: perspectives from accredited certification bodies in Malaysia. *International Journal of Quality & Reliability Management*, 40(7), 1621-1646. <https://doi.org/10.1108/IJQRM-04-2021-0127>
- Abasi, N., Azad, N., & Hafashjani, K. (2015). Information systems success: The quest for the dependent variable. *Uncertain Supply Chain Management*, 3(2), 181-188. <https://doi.org/10.5267/J.USCM.2014.12.002>
- Abid, S., & Dammak, S. (2022). Corporate social responsibility and tax avoidance: The case of French companies. *Journal of Financial Reporting and Accounting*, 20(3/4), 618-638. <https://doi.org/10.1108/JFRA-04-2020-0119>
- Al-Nimer, M. (2015). Factors affecting mandatory audit rotation: Evidence from Jordan. *International Journal of Economics and Finance*, 7(6), 51-59. <https://doi.org/10.5539/ijef.v7n6p51>
- Al Husban, R. R. I., Al-Matarneh, G. F., Ghaidan, E., & Alhusban, A. A. A. (2022). The effect of the quality of external auditing on the relationship between the rules of professional conduct and the quality of financial reporting. *Corporate & Business Strategy Review*, 3(1), 153–160. <https://doi.org/10.22495/cbsrv3i1art14>

- Alassuli, A. (2023). The impact of internal control and electronic disclosure on the electronic auditing risk in the jordanian industrial public shareholding companies. *International Journal of Professional Business Review*, 8(3), 1-27. <https://doi.org/10.26668/businessreview/2023.v8i3.1055>
- Asare, S. K., Davidson, R. A., & Gramling, A. A. (2008). Internal auditors' evaluation of fraud factors in planning an audit: The importance of audit committee quality and management incentives. *International Journal of Auditing*, 12(3), 181-203. <https://doi.org/10.1111/j.1099-1123.2008.00379.x>.
- Bae, S. H. (2017). The association between corporate tax avoidance and audit efforts: Evidence from Korea. *Journal of Applied Business Research*, 33(1), 153-172. <https://doi.org/10.19030/jabr.v33i1.9887>
- Bayar, O., Huseynov, F., & Sardarli, S. (2018). Corporate governance, Tax avoidance, and financial constraints. *Financial Management*, 47(3), 651-677. <https://doi.org/10.1111/fima.12208>
- Beasley, M. S., Goldman, N. C., Lewellen, C. M., & McAllister, M. (2021). Board risk oversight and corporate tax-planning practices. *Journal of Management Accounting Research*, 33(1), 7-32. <https://doi.org/10.2308/JMAR-19-056>
- Blandon, G. J., Argilés-Bosch, J. M., & Ravenda, D. (2020). Audit firm tenure and audit quality: A cross-European study. *Journal of International Financial Management & Accounting*, 31(1), 35-64. <https://doi.org/10.1111/jifm.12098>.
- Brooks, L. Z., & Sun , P. (2020). Audit firm tenure, corporate tax avoidance, and firm value. *Journal of Forensic and Investigative Accountin*, 12(1), 109-137. <https://doi.org/10.2139/ssrn.1985717>
- Brown, R. (2011). Changing audit Objectives and techniques. *Accounting Review*, 37(4), 696-703
- Budiandru, B. (2022). Auditor of personality and performance throughout the period of the pandemic. *Jurnal Akuntansi dan Auditing Indonesia*, 26(2), 145-156. <https://doi.org/10.20885/jaai.vol26.iss2.art4>
- Bull, W., & Faure, M. (2022). Agents in the sporting field: A law and economics perspective. *The International Sports Law Journal*, 22(1), 17-32. <https://doi.org/10.1007/s40318-021-00195-x>
- Bulyga, R., & Safanova, I. (2022). Business audit in a framework of ESG: Dialectic of basic categories of verification development. *Accounting, Analysis, Audit*, 9(4), 6-20. <https://doi.org/10.26794/2408-9303-2022-9-4-6-20>
- Cameran, M., Prencipe , A., & Trombetta, M. (2022). Mandatory audit firm rotation and audit quality. *European Accounting Review*, 25(1), 35-58. <https://doi.org/10.1080/09638180.2014.921446>
- Carson, E., Fargher, N. L., Geiger, M. A., Lennox, C. S., Raghunandan, K., & Willekens, M. (2013). Audit reporting for going-concern uncertainty: A research synthesis. *Auditing: A Journal of Practice & Theory*, 32(Supplement 1), 353-384. <https://doi.org/10.2308/ajpt-50324>.
- Choi, H., Hu, R., & Karim, K. (2020). The effect of consistency in book-tax differences on analysts' earnings forecasts: Evidence from forecast accuracy and informativeness. *Journal of Accounting and Public Policy*, 39(3), 106740. <https://doi.org/10.1016/j.jaccpubpol.2020.106740>.
- Cooper, M., & Nguyen, Q. T. (2020). Multinational enterprises and corporate tax planning: A review of literature and suggestions for a future research agenda. *International Business Review*, 29(3), 101692. <https://doi.org/10.1016/j.ibusrev.2020.101692>.
- Corbella, S., Florio, C., Gotti, G., & Mastrolia, S. A. (2015). Audit firm rotation, audit fees and audit quality: The experience of Italian public companies. *Journal of International Accounting, Auditing and Taxation*, 25, 46-66. <https://doi.org/10.1016/j.intaccaudtax.2015.10.003>
- Dagilienė, L., & Klovienė, L. (2019). Motivation to use big data and big data analytics in external auditing. *Managerial Auditing Journal*, 34(7), 750-782. <https://doi.org/10.1108/MAJ-01-2018-1773>
- Di Simone, L., & Zanardi, D. (2021). On the relationship between sport and financial performances: An empirical investigation. *Managerial Finance*, 47(6), 812-824. <https://doi.org/10.1108/MF-09-2020-0478>
- Drake, K. D., Hamilton, R., & Lusch, S. J. (2020). Are declining effective tax rates indicative of tax avoidance? Insight from effective tax rate reconciliations. *Journal of Accounting and Economics*, 70(1), 101317. <https://doi.org/10.1016/j.jacceco.2020.101317>.

- Eskandarlee, T., & Sadri, T. M. (2017). Impact of management ability on relationship between tax avoidance and firm value in companies listed in Tehran Stock Exchange. *QUID: Research, Science and Technology*(1), 1859-1868.
- Farouk, A. (2020). Areas of investment in Omani Sport. *Malaysian Journal of Public Health Medicine*, 20(3), 9-19. <https://doi.org/10.37268/mjphm/vol.20/no.3/art.508>
- Fernández-Rodríguez, E., García-Fernández, R., & Martínez-Arias, A. (2021). Business and institutional determinants of effective tax rate in emerging economies. *Economic Modelling*, 94(C), 692-702.
- Fisher, J. M. (2021). Fairer shores: Tax havens, tax avoidance, and corporate social responsibility. *Working Paper, Boston University School of Law*, 94(1), 337-365.
- Handoko, B., & Kurniawan, E. (2022). Analysis of impact of competency, professionalism, and audit deadline on remote audit effectiveness. Paper presented at the Proceedings of the 2022 6th International Conference on E-Business and Internet.
- Iriyadi, I., Tartilla, N., & Gusdiani, R. (2020). *The effect of tax planning and use of assets on profitability with good corporate governance as a moderating variable*. Paper presented at the 2nd International Seminar on Business, Economics, Social Science and Technology (ISBEST 2019), Atlantis Press.
- Kanagaretnam, K., Lee, J., Lim, C. Y., & Lobo, G. J. (2016). Relation between auditor quality and tax aggressiveness: Implications of cross-country institutional differences. *Auditing: A Journal of Practice & Theory*, 35(4), 105-135. <https://doi.org/10.2308/ajpt-51417>
- Kawor, S., & Kportorgbi, H. K. (2014). Effect of tax planning on firms market performance: Evidence from listed firms in Ghana. *International Journal of Economics and Finance*, 6(3), 162-168. <https://doi.org/10.5539/ijef.v6n3p162>
- Lanis, R., Richardson, G., Liu, C., & McClure, R. (2019). The impact of corporate tax avoidance on board of directors and CEO reputation. *Journal of Business Ethic*, 160(2), 463-498. <https://doi.org/10.1007/s10551-018-3949-4>
- Lee, R.-J., & Kao, H.-S. (2018). The impacts of IFRSs and auditor on tax avoidance. *Advances in Management and Applied Economics*, 8(6), 17-53.
- Maama, H., Kimea, A., & Mkhize, M. (2023). Corporate governance, tax planning and firm value in East Africa. *Tax Planning and Firm Value in East Africa*. <http://dx.doi.org/10.2139/ssrn.4415979>
- Magablih, A. M. (2020). Role of the external auditor in maximizing budget revenues Jordan as a case study. *Journal of Public Administration and Governance ISSN*, 10(1), 2161-7104. <https://doi.org/10.5296/jpag.v10i1.16491>
- Majer, C. G., & Makuac, L. J. A. (2023). Analysis of strategic public financial management reforms on effective service delivery. *International Journal of Business and Social Science Research*, 4(3), 1-10. <https://doi.org/10.47742/ijbssr.v4n3p1>
- Malagila, J. K., Bhavani, G., & Ampsonah, C. T. (2020). The perceived association between audit rotation and audit quality: Evidence from the UAE. *Journal of Accounting in Emerging Economies*, 10(3), 345-377. <https://doi.org/10.1108/JAEE-08-2018-0082>
- McClure, R., Lanis, R., Wells, P., & Govendir, B. (2018). The impact of dividend imputation on corporate tax avoidance: The case of shareholder value. *Journal of Corporate Finance*, 48, 492-514. <https://doi.org/10.1016/j.jcorpfin.2017.10.007>
- Memari, Z., Rezaei Pandari, A., & Bemanzadeh, F. (2022). An interpretive structural model for factors affecting the tax compliance of professional athletes: a case study of football players. *International Journal of Sports Marketing and Sponsorship*, 23(3), 505-526. <https://doi.org/10.1108/IJSMS-03-2021-0077>
- Mohsin, H. J., & Abdulkareem, A. M. (2022). Role of external audit and its impact on improving the quality of accounting information—an analytical study in the opinions of a sample of leaders in the IBN Majid General Company. *Journal of Corporate Finance Management and Banking System*, 2(4), 1-15. <https://doi.org/10.55529/jcfmbs.24.1.15>
- Mottaghi, A., & Najafi, N. (2023). Identifying the effective components in validating the declared taxable income of companies using the structural equation model. *Iranian Journal of Accounting, Auditing and Finance*, 1-46. <https://doi.org/10.22067/ijaaf.2023.79633.1260>
- Mousavi, M., Zimon, G., Salehi, M., & Stępnicka, N. (2022). The effect of corporate governance structure on fraud and money laundering. *Risks*, 10(9), 1-25.

- Mulatsih, S. N., Dharmayanti, N., & Ratnasari, A. (2019). The effect of tax planning, asset of deferred tax, deferred tax expense on profit management (Case study of manufacturing companies listed on the stock exchange 2013-2017 period). *KnE Social Sciences*, 933–947. <https://doi.org/10.18502/kss.v8i13.4258>
- Mulyadi, M. S., & Anwar, Y. (2015). Corporate governance, earnings management and tax management. *Procedia-Social and Behavioral Sciences*, 177, 363-366. <https://doi.org/10.1016/j.sbspro.2015.02.361>
- Pratama, A. (2017). Company characteristics, corporate governance and aggressive tax avoidance practice: A study of Indonesian companies. *Review of Integrative Business and Economics Research*, 6(4), 70-81.
- Pratama, A. (2022). Is tax accounting information relevant to users? The case of Indonesia. *International Journal of Applied Economics, Finance and Accounting*, 14(1), 77-90. <https://doi.org/10.33094/ijaeaf.v14i1.658>
- Prawitt, D. F., Smith, J. L., & Wood, D. A. (2009). Internal audit quality and earnings management. *The accounting review*, 84(4), 1255-1280. <https://doi.org/10.2308/acer.2009.84.4.1255>
- Rashid, M. B. (2023). Economic governance and public finance in kautilya's arthashastra. *International Journal of Social Science, Educational, Economics, Agriculture Research and Technology*, 2(7), 211–218. <https://doi.org/10.54443/ijset.v2i7.175>
- Ratu, I. K., Komalasari, A., & Alvia, L. (2023). A literature review: Tax planning and avoidance in earnings management. *International Journal of Scientific Multidisciplinary Research*, 1(11), 1351-1364. <https://doi.org/10.55927/ijsmr.v1i11.7376>
- Salijeni, G., Samsonova-Taddei, A., & Turley, S. (2019). Big Data and changes in audit technology: Contemplating a research agenda. *Accounting and business research*, 49(1), 95-119. <https://doi.org/10.1080/00014788.2018.1459458>
- Schwab, C. M., Stomberg, B., & Williams, B. M. (2022). Effective tax planning. *The Accounting Review*, 97(1), 413-437.
- Shalaby, A. H., & Eltobgely, S. Y. M. A. (2016). The role of control of corporate governance mechanisms in improving the quality of accounting information and its impact on developing the performance of the external auditor in Saudi Arabia environment. *International Journal of Finance and Accounting*, 5(2), 98-119.
- Sugeng, S., Prasetyo, E., & Zaman, B. (2020). Does capital intensity, inventory intensity, firm size, firm risk, and political connections affect tax aggressiveness? *JEMA: Scientific Journal for Accounting and Management*, 17(1), 78-87.
- Syafi'i, M., Chandrarin, G., & Zuhroh, D. (2023). The role of corporate governance in enhancing the influence of tax planning on tax disclosure. *Management and Entrepreneurship: Trends of Development*, 4(26), 27-38. <https://doi.org/10.26661/2522-1566/2023-4/26-02>
- Wahab, N. S. A., & Holland, K. (2012). Tax planning, corporate governance and equity value. *The British Accounting Review*, 44(2), 111-124. <https://doi.org/10.1016/J.BAR.2012.03.005>
- Warren, J. D., Moffitt, K. C., & Byrnes, P. (2015). How big data will change accounting. *Accounting horizons*, 29(2), 397-407. <https://doi.org/10.2308/acch-51069>
- Yakin, M. A., Suyanto, S., Putri, F. K., & Putry, N. A. C. (2023). Determinants of student interest in taking tax brevet. *Journal of Economic Education*, 11(2), 147-156. <https://doi.org/10.26740/jupe.v11n2.p147-156>

*Views and opinions expressed in this article are the views and opinions of the author(s), International Journal of Public Policy and Administration Research shall not be responsible or answerable for any loss, damage or liability etc. caused in relation to/arising out of the use of the content.*