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Research Paper

The Effect of Tax Reform for Acceleration and Inclusion (TRAIN) Law on the Operational Performance of Food Franchises and Stalls in Cabugao, Ilocos Sur

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Abstract

This research aims to investigate the effect of the Tax Reform for Acceleration and Inclusion Law on small food businesses, specifically franchises and food stalls, in Cabugao, Ilocos Sur. The study focuses on businesses that have been in operation for at least five years, as their longer existence allows for a comprehensive understanding of the effects of the Tax Reform for Acceleration and Inclusion Law on their operations.

Questionnaires were constructed by the researchers to determine the level of operating performance and the level of effectiveness of Tax Reform for Acceleration and Inclusion Law. The majority of respondents, aged 40-49, are college graduates and have attended 1-3 seminars. Most small business owners have been in operation for over or equal to 10 years and hired 1-3 employees, usually family members. The study found that small business owners do not believe the tax reform has a positive impact on income generation, and the increase in purchasing power has not significantly impacted their business. However, businesses use incentives to optimize their income and have lower personal income tax rates. The increase in operating costs does not lead to cost-saving measures, and marketing expenses do not contribute to profitability. Lastly, in 2018 and 2019, small business owners reported sales above P300,000 and had expenses below P50,000. Over the subsequent years, the pattern varies. Notably, in 2020 and 2021, small business owners reported sales below P50,000 and expenses also below P50,000. In 2022, reported sales were between P50,000 and P100,000 and the expenses were below P50,000. Hence, the operating performance of the business encountered no effect on the implementation of the Tax Reform for Acceleration and Inclusion Law.

Keywords: *Tax Reform for Acceleration and Inclusion Law; Operating Performance; Small Food Businesses*

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INTRODUCTION

Taxation is a fundamental aspect of any economy as it is how governments collect from citizens, generate revenue to finance public goods and services, redistribute wealth, and regulate economic activity. According to Banggawan (2021), every government offers a wide range of services to the public, such as defense, public order and safety, health, education, and social protection, and every society needs to have some government. Without it, people won't be able to enjoy the benefits of a civilized and well-run society. But a government can't exist without a way to pay for itself. Taxation is based on the idea that the government needs money to run. Tax is a vital source of revenue for most governments enabling them to fund essential services and infrastructure for their citizens. Taxes help raise the standard of living in a country. The higher the standard of living, the stronger and higher the level of consumption most likely is. With a higher standard of living, businesses would also be assured of higher domestic consumption. Taxes are essential, and every citizen is meant to reap the benefits of these taxes. This is why citizens must endeavor to pay taxes and understand that it is intended to be more than just a "money grab" from the government.

In recent years, the Philippine government has implemented several tax reform measures to increase revenue, simplify the tax system, and promote economic growth. In 2018, the Tax Reform for Acceleration and Inclusion (TRAIN) law was enacted, which lowered personal income tax rates while increasing taxes on certain goods and services. According to Murillo (2022), this tax reform aims to make our tax system easier, generate more investments, establish more job opportunities, and decrease poverty. Besides, these tax reforms seek to raise more revenue that will be used for building more infrastructures that will help to enhance education, health, and public services. However, Punongbayan (2019) argued that there is a substantial amount of evidence, both anecdotal and factual, indicating that TRAIN Law has made poverty and income inequality worse, putting into doubt some of the perceived improvements it has brought to the welfare system.
Currently, as stated by Rathor et al. (2022), the TRAIN law is already in effect. Wage earners are already reaping the benefits of an increase in take-home pay, while the poorest of the poor, who are also non-wage earners, have already received the unconditional cash transfer that will assist them in coping with the price increase of necessities. In the meantime, Carcido-Damasig, et al. (2022) study indicates that the TRAIN law is the government's first move toward a comprehensive tax overhaul. It may have lowered Filipinos' income taxes but also increased the cost of living in the Philippines. Based on Litonjua (2018), the TRAIN law caused a significant increase in the inflation rate of essential goods. And that TRAIN Law truly reforms and changes collection efficiency, influences the tax income of the government, and helps boost the take-home pay of Filipino citizens, even though increasing the excise tax, which causes inflation, has a fluctuating effect on the market and economy.

In every country, the food business is indisputably vital in comparison to other industries. One of the sectors that may have been significantly affected by the TRAIN Law is the food industry. The food industry is a crucial sector in the Philippines, as it contributes to the country's economic growth and provides employment to a significant portion of the population. According to Ritchie (2022), with the changes in the tax structure brought about by the TRAIN Law, the food industry may have experienced various impacts, both positive and negative. The food industry is the economic sector responsible for the production, processing, and distribution of food products. This industry encompasses agricultural production, food manufacturing, and retail food sales. The food business is a key contributor to global economic growth and serves a critical role in feeding the world's population.

Food stalls and franchises play a crucial role in the food industry, contributing to employment generation, entrepreneurship, and economic growth. The implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) law has had notable implications for these businesses. The term "food stall" is a small eating establishment that offers a selection of ready-to-eat foods. It can be found in public places like open markets or outdoor locations, and it may be mobile or fixed in one place. According to Beltran (2014), food stalls provide chances for entrepreneurship and economic development in local communities in the Philippines, serving as vital sources of livelihood for many people, particularly women. Based on the study of Dollesion (2018), these food stalls provide a wide variety of regional specialties, showcasing traditional flavors and cooking methods from various provinces and ethnic groups, and by doing so, they support the preservation and promotion of the Filipino culinary heritage and enable both locals and visitors to experience and appreciate the vibrant food culture of the nation. According to Guzman (2019), food stall entrepreneurs may need to modify their pricing methods to preserve their customers as a result of the TRAIN Law's implementation of different tax compliance measures aimed at enhancing tax collection. They might have to raise pricing or cut portion sizes to make up for part of the higher costs incurred. Finding the ideal balance is essential, though, since price increases that are too great may turn away clients.

Operating performance is a crucial aspect of any business, and it is important to understand its impact on the overall financial performance of the company. According to Rojo (2021), operating performance refers to a company's ability to generate profits from its core business operations. This is typically measured by looking at metrics such as revenue, gross margin, operating income, and net income. Operating performance is a key indicator of a company's financial health and can help investors and stakeholders make informed decisions about the company's prospects. In the context of the food industry in the Philippines, understanding the operating performance of companies in this sector is crucial in assessing the impact of tax reforms, such as the TRAIN Law, on the industry's financial performance.

According to a study by Murillo (2019), the implemented tax adjustment is designed to boost revenue, offer more employment opportunities, and decrease poverty. Punongbayan (2019) argued, however, that the tax adjustment implemented that year had made poverty and economic inequality worse, casting doubt on some of the claimed benefits it had brought to the welfare system. Furthermore, several researchers concluded that tax reform is detrimental to the food business, particularly for the food vendors near schools.

This research study investigates the effect of the Tax Reform for Acceleration and Inclusion Law on small food businesses operating performance in Cabugao, Ilocos Sur. Specifically, it looks at the effects on franchises and food stalls. In addition, it intended to reach out to franchisees and food stall owners as its respondents to explore the specific effects that it has on the food industry and provide findings about the effectiveness of Tax Reform for Acceleration and Inclusion Law on their businesses' operating performance and its vital role in the growth and development.

LITERATURE REVIEW

Keynes Theory

The Trickle theory of John Locke (1930) emphasizes the "fountain effect" of economic advancement, which begins with the poorest and ascends to the richest. Researchers will employ this theory to underscore the significance of favorable policies regarding food stands and franchises in Cabugao, Ilocos Sur. During periods of economic recession, governments ought to decrease income tax rates for both individuals and businesses following Keynesian Economic Theory. Consequently, greater funds would be available to the private sector for investment in initiatives that foster economic growth. Utilizing currency reserves amassed during an economic downturn to aid the government is the plan. An illustration of equity is the provision of tax reductions to financially vulnerable individuals; this promotes efficiency, an enhanced quality of life, and economic advancement. The study's objective is to ascertain whether the TRAIN Law effectively fosters fairness, benefit, and development for proprietors of small businesses, with a specific focus on food stands and franchises. This analysis aims to illuminate any concerns or inadequacies as perceived by the participants. Keynesian economic theory emphasizes macroeconomic forces, explicitly mentioning the government's responsibility to ensure financial security, especially for the impoverished. The trickle-up principle in taxation seeks to increase the aggregate income of society by benefiting individuals with lower payments.

Fiscal Psychology Theory

Dumayanti et al. (2015) posit that the perception of the government by taxpayers is a significant determinant, as supported by fiscal psychology theory. This theory provides a more comprehensive comprehension of human behavior in economic circumstances. It places considerable emphasis on the utility of constructive policies formulated by the government to enhance taxpayer cooperation. The present theory will be employed to ascertain whether the viewpoints of the participants influence their assessments of the impact that the tax reform that was implemented had on their organizations. Furthermore, Fiscal Psychology Theory (n.d.) will be considered as it emphasizes the significance of the public's perception of the government. As stated by Lewis (1982), this approach places considerable importance on government-formulated policies that foster more excellent taxpayer and government participation. Given the circumstances, the existence of governmental initiatives and the diverse perspectives they elicit from a subset of common laborers are pertinent to the subject matter under investigation.

Tax Reform for Acceleration and Inclusion Law

According to (Manansan, 2017), after 20 years of unadjusted tax rates and brackets, the tax reform for acceleration and inclusion bill reduces personal income taxes for 99 percent of taxpayers, giving much-needed relief. It simplifies the tax system so that ordinary Filipinos can comprehend and use it, and it enhances tax efficiency to increase government revenue collection. TRAIN law altered the personal income tax, the value-added tax, and the excise tax on gasoline, cigarettes, automobiles, sugary drinks, coal and coke, and mineral products. As a result, the train law affected many individuals, especially those who are low-income class families as well as hundreds of businesses. The implementation has a major impact on personal exemptions in the personal income tax and not only to tax rates such as An increase in the amount to be exempted from personal income tax from ₱10,000 to ₱250,000; It removes the personal and additional exemptions and premiums paid on health or hospitalization insurance; Exemption from tax of de minimis benefits, mandatory contributions such as GSIS, SSS, PhilHealth, Pag-Ibig Fund, and other union dues remain (Murillo, 2021).

Nonetheless, to compensate for the loss of government revenue caused by the change in income tax rates, TRAIN increased excise taxes on several products (Duran, et al., 2018). An excise tax is a tax on produced items that is imposed at the time of production as opposed to the time of sale (Deskera, 2020). Besides, TRAIN Law still has a detrimental impact, particularly on low-income households, whose fundamental needs, including food, fuel, and other requirements, are negatively impacted, causing them to become poorer (Pregoner, et al., 2019). In addition, the increase of excise tax on gasoline every year is not proportionate with the decrease in income tax (Matthew, et al., 2022). Increased gasoline excise taxes have had a domino effect on the transportation industry. Commuters are also affected, in addition to vehicle owners and drivers. As a result of the increase in the cost of crude oil, jeepney transportation groups sought to raise the minimum fare, which would have a significant impact on low-income families (Andrade, 2020).

Also, many firms are affected by the TRAIN Act. The introduction of the TRAIN Law has had an impact on the merchandising industry's sales and selling prices. Some individuals increase their selling price, resulting in a decline in sales due to a fall in demand for the things they are offering (Dimalanta, et, al., 2018). Small and medium-sized businesses are also affected. Increasing petroleum prices result in higher transportation and delivery expenses, which increase the current price of the product, resulting in a drop in client base and, regardless of how high the price of the product is, a decrease in profits (Carcido, et, al., 2022). In contrast, as a result of the Tax reform for acceleration and inclusions, micro, small, and medium-sized businesses will find it less burdensome to disclose their income and pay the correct taxes under the new law due to the reduction in the tax rate (Aranas, 2020).

Overall, higher revenues from the TRAIN law have allowed the government to put in place things like personal income tax (PIT) cuts, unconditional cash transfers (UCTs), and subsidies for transportation. These things have put more money in the hands of consumers, which has more than made up for the small price increases (Alvarez, 2018). Small businesses also benefit from the TRAIN law, which lets them choose to pay a flat 8% tax on their gross sales or receipts instead of business and income taxes. Also, part of the tax package is an administrative reform that will let people file and pay income and business taxes once a year or every three months instead of once a month or even every two months under the current system (Abrea, 2017).

Operating Performance

Each business relies on operating performance. Therefore, it's crucial to comprehend how it influences a company's total financial performance. Rojo (2021) defines operating performance as a company's ability to generate income from its primary business operations. Metrics like revenue, gross margin, operational income, and net income typically assess this. Analyzing operating performance can provide information about a company's financial health, which aids stakeholders and investors in evaluating the company's future possibilities. Knowing how tax measures like the TRAIN Law might impact the financial performance of the Philippine food industry requires an understanding of corporate operating performance.

One often-used statistic of operational effectiveness is the return on assets (ROA), which assesses a company's profitability concerning its assets. Businesses with higher ROA are generally more profitable, have better liquidity, and face lower financial risk, according to a study by Mendoza & Rivera (2017). The operating margin, which contrasts operating income with net sales, is another critical metric. According to studies, businesses often experience greater profitability and financial stability when operating margins are higher. Additionally, they frequently use superior management techniques and have more satisfied customers.

Operating performance is significantly impacted by operational efficiency. Because of efficient operations, companies can create goods or services at cheaper costs without compromising quality. According to research, elements including supply chain management, inventory control, and production technology significantly impact operating performance (Kumar & Goyal, 2019).

Operational performance is significantly influenced by strategic planning as well. A well-planned strategy ensures that a company's objectives align with its resources and capabilities, resulting in practical operations. According to studies, businesses that successfully apply strategic planning frequently experience improved profitability, growth, and overall performance (Erdil, 2020). Market conditions can considerably impact the operational success of a corporation. Businesses with high levels of industry competition typically have lower profitability and operating margins (Wu & Chen, 2019). Due to legislative frameworks and resource constraints, businesses operating in emerging markets may encounter significant difficulties.

To summarize, operating performance is crucial to a company's success and sustainability. Companies can attain their strategic objectives and enhance their financial performance by assessing and enhancing key indicators such as ROA, operating margin, strategic planning, and efficiency measures. Understanding the impact of market conditions is also essential for effectively managing operating performance.

Based on the studies that were conducted by other researchers, there has been significant evidence that the implementation of the tax reform played a significant role in our economy. Thus, this study will focus on gathering the perspective of owners of food stalls and franchises and relating the result to the "Trickle Up" theory that emphasizes the fountain effect where economic progress should start from the lower class and reach the wealthiest. Also, the fiscal psychology theory highlights that the perspective of the citizens affects complying with regulations.

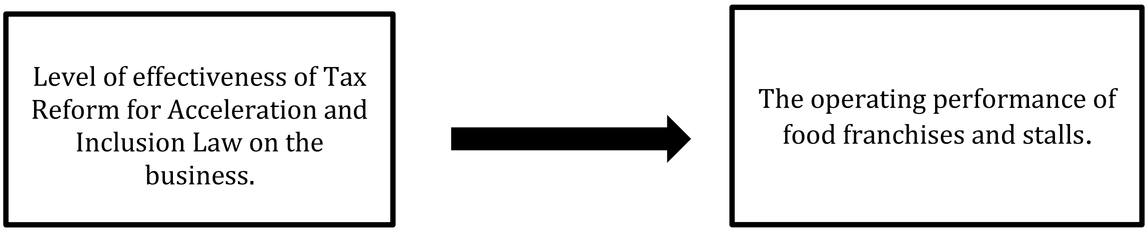

Figure 1. Research paradigm

Figure 1 shows the independent variable, the level of effectiveness of Tax Reform for Acceleration and Inclusion Law whether this factor affects the food stalls and franchises. Otherwise, the figure also shows the dependent variable, the operating performance of food franchises and stalls. Thus, the two variables are being correlated to determine whether there is a significant relationship or none.

Research Problem

The study aims to determine the effects of the Tax Reform for Acceleration and Inclusion Law on the food business industry in Cabugao, Ilocos Sur.

Specifically, it seeks to answer the following questions:

1. What is the level of effectiveness of Tax Reform for Acceleration and Inclusion Law on the business in terms of;
    a. Income Generation, and
    b. Cost?
2. What is the level of operating performance of food franchises and stalls in terms of;
    a. Sale, and
    b. Expenses?
3. Is there a significant relationship between the level of effectiveness of Tax Reform for Acceleration and Inclusion Law and the operating performance of the business?

METHODOLOGY

This section represents the participants, research instrument, data analysis, and ethical considerations.

Participants of the Study

The study participants were food franchises and food stall owners in Cabugao, Ilocos Sur, who were chosen using a total enumeration technique. These food franchises and food stall owners were ages 25-55 years old. The registered food franchises and food stalls in Cabugao, Ilocos Sur, had a total population of 57. In getting the sample size, the researchers included all 57 respondents. As for the inclusion, the researchers considered their years of existence where the business should be at least 5 years, and exclusion of businesses existing 4 years and below as they are not considered to be relevant to the study. However, only 50 out of 57 respondents could participate in this study because the seven other business owners declined to participate as they could not disclose their financial information since these are sensitive to exposure.

Research Procedure
The researchers gathered quantitative data through a survey questionnaire distributed to owners of food franchises and stalls in Cabugao, Ilocos Sur, starting on October 7. The survey questionnaire comprises closed-ended questions, facilitating the collection of numerical data. To ensure participant anonymity and encourage honest responses, the survey remains available until October 31.

Once the data collection concludes on October 31, the researchers employ statistical methods such as descriptive statistics and correlation analysis to analyze the numerical data and draw conclusions regarding the effects of the Tax Reform for Acceleration and Inclusion Law on the food business.

Research Instrument
The research instrument that was used in conducting the study includes a researcher-made survey-questionnaire checklist. The questionnaire was distributed to different business owners in Cabugao, Ilocos Sur via face-to-face survey using paper and pen and this highlights the major purpose of this study. The questionnaire consists of two parts. The first part focuses on the level of effectiveness of tax reform for acceleration and inclusion law, and the second part deals with the operational performance of food franchises and stalls.

A pilot test was conducted to validate the questionnaire. Cronbach's alpha reliability was used to determine the internal consistency of the items in the scale to know if reliable, valid, and ready for use.

Statistical Treatment
Mean was used to determine the level of effectiveness of Tax Reform for Acceleration and Inclusion Law.

To determine the level of operating performance of the business. The Likert scale shown below was used to analyze and interpret the results:

Point Value	***Range of the Means***	***Descriptive Interpretation***
4	3.26 – 4.00	Strongly Agree
3	2.51 –3.25	Agree
2	1.76 – 2.50	Disagree
1	1.00 – 1.75	Strongly Disagree

The Pearson r correlation coefficient was used to determine the significant relationship between the level of effectiveness of the Tax Reform for Acceleration and Inclusion Law and the operating performance of the business. Data analysis was been undertaken using the International Business Machines' Statistical Package for the Social Sciences version 26.0. The p values of <.05 were considered statistically significant.

Ethical Consideration
The respondents to this research entitled The Effect of Tax Reform for Acceleration and Inclusion (TRAIN) Law on the Operational Performance of Food Franchises and Stalls in Cabugao, Ilocos Sur will be asked for their full consent before participating in the survey. No respondent should be subjected to harm in any way. The participants were provided thorough information about the research's goal and their significant contributions. Informed consent is obtained after presenting and discussing the research inquiry's goal. Additionally, the researchers invite people to participate in the study, and they are allowed to withdraw at any time during the process. All questions from respondents were comprehensively and truthfully answered.

In addition, the researchers adhere to all requirements outlined throughout the research endeavor. The researcher goes to a great extent to ensure that the respondents receive only the best, benefit from the study's findings, contribute to the advancement of the teaching and learning process, and are never physically, psychologically, or emotionally harmed. In addition, informed consent included the following: (a) a contract between the researchers and the participants in which the participants agree to take part in the study. Adequate information is presented and clarified to participants at their level of understanding, (b) information from which respondents can cancel at any time, ask questions, and refuse to answer questions if they disagree or are uncomfortable with the questions, (c) an explanation of the study's potential risks so that participants can make informed decisions about whether or not to participate, and (d) a description of the participants' before the complication. The researchers ensure the confidentiality and anonymity of participants by recording a code based on their relationship to each participant and adding it to the survey questionnaire. When submitting the data collected from respondents, the researcher omitted the identities of the participants. To assure anonymity, the researcher assigns each participant a unique numerical code. Everyone other than the researcher is unaware of the statement's origin.

Participants are informed that they have the right to withdraw from the study at any time if they so choose or if their participation is uncomfortable. Before beginning the data collection procedure, participants are informed of this. Because they are locals and do not belong to vulnerable groups, the research participants are protected from physical, psychological, and mental abuse. The elderly, pregnant women, indigenous people (IP), homeless people, patients with terminal or incurable diseases, and even powerless individuals because of poverty, as well as minors who are dependent on their parents, are all vulnerable members of the population, none of whom are the respondents. When the number of respondents is determined, the appropriate authorities are contacted through official channels and asked for permission to participate in the study as respondents. Respondents may pose queries, to which the researchers are expected to provide adequate responses. In addition, after providing all necessary information, the researchers will obtain the prospective subject's signed informed consent. No risk will be posed to respondents, as only a survey questionnaire will be used to collect data. In the same manner, the respondent would be asked to indicate the most opportune time to complete the questionnaire during the study. Once the study is complete, the data collected from respondents will be discarded because it has served its purpose, which was to assist the researchers with their study. The disposal of data will be done by shredding or burning physical copies, as well as the deletion of digital copies.

FINDINGS AND DISCUSSION

Findings

This section presents the results of the data gathered by the researchers. This includes the demographic and organizational profile of the respondents, the level of effectiveness of train law, and the relationship between the profiles and the effectiveness of train law.

Table 1. Profile of the Respondents

	Frequency	**Percentage (%)**
Age		
< 29	5	10
30 – 39	13	26
40 – 49	18	36
50 – 59	14	28
>59	0	0
Highest Educational Attainment		
Elementary level	1	2

Elementary graduate	1	2
High School level	0	0
High School graduate	16	32
College Level	14	28
College Graduate	18	36
Number of Seminars Attended		
N/A	16	32
1 – 3	24	48
4 – 6	4	8
7 – 9	1	2
≥ 10	5	10

As seen in the Table 1. The data reveals insights into the surveyed population's demographics, educational background, and seminar attendance patterns. Among the respondents, the largest age group falls in the 40-49 age range, accounting for 36% of the sample, followed by those aged 50-59 at 28%. The 30-39 age group comprises 26% of respondents, while 10% are under 29, with no respondents above 59. In terms of educational attainment, 36% hold college degrees, and 32% are high school graduates. Additionally, 28% have attended college but did not graduate, while 2% have an elementary education, and 2% are elementary graduates. When it comes to seminar attendance, 48% of respondents have attended 1-3 seminars, while 32% haven't attended seminars. A smaller proportion, 10%, have attended more than 10 seminars, 8% have attended 4-6 seminars, and 2% have the lowest seminar attended with 7-9 seminars.

Table 2. Organizational profile of the respondents

	Frequency	**Percentage (%)**
Years of Existence		
1 – 3	0	0
4 – 6	10	20
7 – 9	12	24
≥ 10	28	56
Number of Employees		
1 – 3	35	70
4 – 6	10	20
7 – 9	3	6
≥ 10	2	4

In terms of years of existence, none of the surveyed entities have been established for 1-3 years, indicating a lack of very new entities in the sample. Instead, a significant proportion (56%) of the entities have a long-standing presence, having been in existence for 10 or more years. Additionally, 24% of the entities have been operational for 7-9 years, while 20% have been established for 4-6 years. This distribution of years of existence highlights the experience and maturity of the entities in the sample, with a strong representation of well-established ones.

When examining the number of employees, it's evident that most entities have a relatively small workforce, with 70% of them falling in the 1-3 employee category. This suggests that a significant portion of the surveyed entities are small businesses or startups with limited staff. Moreover, 20% of entities have 4-6 employees, indicating a moderate-sized group, while 6% have 7-9 employees. A smaller fraction (4%) of entities has a larger workforce of 10 or more employees, indicating a minority of larger organizations in the sample.

Table 3. The level of effectiveness of tax reform for acceleration and inclusion law on the business

Indicators	Mean	Interpretation
Income Generation		
The tax reform has a positive effect on the generation of income.	2.46	Disagree
The tax reform has made it easier for the business to generate income.	2.44	Disagree
The business has effectively utilized tax incentives or deductions introduced through the tax reform to optimize its income.	2.62	Agree
The increased purchasing power led to higher demand for the product offered by the business resulting in a higher income.	2.28	Disagree
The reduction in personal income tax rates has a positive effect on the business.	2.56	Agree
Composite mean	2.47	Disagree
Cost		
The tax reform has increased the overall operating cost of the business.	2.64	Agree
Cost-saving measures have been implemented in the business without compromising the quality of its products.	2.42	Disagree
The expenses incurred for marketing and advertising activities contribute positively to the profitability of the food stall/franchise.	2.32	Disagree
The expenses associated with sourcing ingredients and supplies for the business are reasonable and justifiable.	2.68	Agree
The assistance and support provided upon the implementation of tax reform help to mitigate cost pressure.	2.58	Agree
Composite mean	2.53	Agree
Overall Mean	**2.50**	**Disagree**

Note: 1:00 – 1.75 = Strongly Disagree; 1.76 – 2.50 =Disagree; 2.51 – 3.25 = Agree;
3.26 – 4.00 = Strongly Agree

The data reflects respondents' perceptions of the impact of tax reform on income generation and cost for their businesses. On the income generation front, the respondents seem to generally disagree that the tax reform had a positive effect. The mean score for various statements related to income generation is around 2.47, indicating disagreement. Conversely, when assessing the cost aspect, the respondents also generally agree that the tax reform has influenced their business operations. The mean score for cost-related statements is around 2.53, indicating agreement.

Table 4. The level of operating performance of food franchises and stalls

Years	Sales		Expenses	
	f	%	f	%
2018				
below 50,000	11	22	22	44
50,000-100,000	11	22	8	16
101,000-150,000	5	10	3	6
151,000-200,000	3	6	4	8
201,000-250,000	3	6	2	4
251,000-300,000	2	4	3	6
above 300,000	15	30	8	16
2019				
below 50,000	10	20	21	42
50,000-100,000	13	26	7	14
101,000-150,000	4	8	5	10
151,000-200,000	3	6	3	6
201,000-250,000	3	6	4	8
251,000-300,000	3	6	2	4
above 300,000	14	28	8	16
2020				
below 50,000	21	42	30	60
50,000-100,000	10	20	8	16
101,000-150,000	5	10	2	4
151,000-200,000	2	4	1	2
201,000-250,000	2	4	2	4
251,000-300,000	3	6	4	8
above 300,000	7	14	3	6
2021				
below 50,000	21	42	32	64
50,000-100,000	11	22	6	12
101,000-150,000	4	8	2	4
151,000-200,000	2	4	3	6
201,000-250,000	1	2	0	0
251,000-300,000	4	8	4	8
above 300,000	7	14	3	6
2022				
below 50,000	8	16	22	44
50,000-100,000	14	28	6	12
101,000-150,000	4	8	6	12
151,000-200,000	5	10	3	6
201,000-250,000	3	6	1	2
251,000-300,000	5	10	4	8
above 300,000	11	22	8	16

The table presents data for the years 2018 to 2022, categorizing sales and expenses into different income brackets. In 2018, the highest percentage of businesses (30%) reported sales above P300,000, with 22% having sales between P50,000 and P100,000, and 10% falling in the P101,000 to P150,000 range. On the expense side, 44% had expenses in the below P50,000 category, and 4% had the lowest frequency of expenses in the P251,000 to P300,000 category.

Over the subsequent years, the pattern varies. Notably, in 2020 and 2021, there was a significant increase in businesses reporting sales below P50,000 (42%), possibly influenced by the economic conditions of that year. In the same year, expenses also increased, with 60% of businesses reporting expenses in the same income bracket. In contrast, 2019 saw more businesses with higher sales, especially in the above $300,000 category.

In 2022, the data suggests a return to a more balanced distribution of sales and expenses across various brackets. Notably, 28% of businesses reported sales between P50,000 and P100,000, while 6% had the lowest frequency of 3 in the sales section in the P201,000 to P250,000 category. On the expense side, 44% reported the highest expenses between $50,000 and $100,000, and 2% had the lowest expenses of P201,000-P250,000.

Table 5. Relationship between the level effectiveness of tax reform for acceleration and inclusion law and the operating performance of the business

			Effectiveness of TRAIN Law	
Operating Performance of Food Franchises and Stalls			Income Generation	Cost
2018	*Sales*	*r*	-.132	.000
		p-value	.362	.997
	Expenses	*r*	-.192	-.035
		p-value	.182	.810
2019	*Sales*	*r*	-.192	.007
		p-value	.182	.960
	Expenses	*r*	-.175	-007
		p-value	.223	.960
2020	*Sales*	*r*	-.015	.094
		p-value	.917	.518
	Expenses	*r*	-.072	.132
		p-value	.619	.362
2021	*Sales*	*r*	-.047	.106
		p-value	.748	.464
	Expenses	*r*	-.117	.106
		p-value	.417	.464
2022	*Sales*	*r*	-.072	.015
		p-value	.618	.918
	Expenses	*r*	-.087	.029
		p-value	.550	.844

*Correlation is significant at the 0.05 level (2-tailed)

It can be seen from the table that all relationships were not statistically significant. Based on the direct effects, it can be concluded that the relationships established as hypotheses were not valid with a 95% level of confidence. Table 5 summarizes the information of conclusions of the hypotheses. The relationship between the level of effectiveness of tax reform for acceleration and inclusion law and the operating performance of the business had a p-value of greater than 0.05. Hence, the operating performance of the business encountered no effects on the implementation of tax reform for acceleration and inclusion law.

Discussions

The researchers found out that among the 50 food franchises and stall owners, the largest age group falls in the 40-49 age range while the smallest age group is in the 29-age range, 36% of the owners hold college degrees while 2% of them are elementary graduates, and 2% had an elementary education. On the owner's seminar attended, most of them attended 1-3 seminars, and few of them attended 7-9 seminars. On the business' existence, the researchers found out that most of the entities have a long-standing presence, having 10 or more years in the business industry, while few of the entities have been established for 4-6 years. After examining the number of employees, the researchers found out that the majority of the entities have a small work force having 1-3 employees. On the other hand, a smaller fraction of entities has a larger workforce of 10 or more employees.

On the level of effectiveness of Tax Reform for Acceleration and Inclusion Law on the business in terms of Income Generation and Cost, the researchers found out that the Respondents do not believe that the tax reform has a positive impact on income generation, also, it didn't make it easier for them to generate income, and the increase on purchasing power led to higher income didn't have much effect on their business. This suggests that the tax reform doesn't have a positive impact on businesses' income-generating abilities. The researchers also found out that businesses utilize incentives to optimize their income which connects to Keynes' (1930) Trickle Up theory that highlights the "fountain effect" of economic progress, starting from the lower class and reaching the wealthiest. This theory emphasizes the importance of beneficial policies for food stalls and franchises. Based on Keynesian Economic Theory, governments should reduce income tax rates for both individuals and businesses during economic recession. The researchers also discovered that having lower personal income tax rates contributed positively, a study entitled Stakeholders' Perspective on the Implementation of Train Law in Cebu City, Philippines (Bonghanoy, C., Etcuban, J. O., Bueno, N. L., Medio, G., Capuno, R., & Capuano, D. (2019) shows that having lower personal income tax is good because it makes buying something more manageable.

Operating performance is significantly impacted by operational efficiency. Because of efficient operations, companies can create goods or services at cheaper costs without compromising quality (Kumar & Goyal, 2019). However, this research shows that even if there is an increase in overall operating costs, businesses do not implement cost-saving measures. It also indicates that expenses for marketing did not contribute in a good manner to the profitability of the business. On the other hand, they agreed that the increase in ingredient sourcing, and supplies are justifiable. This suggests that businesses need to adapt to higher costs to maintain quality and profitability. The assistance and support provided during the tax reform's implementation have helped mitigate cost pressures. A study by Litonjua, L. D. (2018) entitled The Effects of TRAIN Law on Selected Variety Stores in Mandaluyong City, argued that their respondents strongly agreed that businesses had to raise their product prices for sales management. Yet, the respondents stated they are having trouble pricing their items because they cannot add a small markup due to the product price increase. As part of cost control, most respondents agreed that they had to minimize their inventory, saying that when they buy things to sell, they only spend within their operational profit and not from borrowings or their own pockets.

On the level of operating performance of food franchises and stalls in terms of sales and expenses, Operating performance is a crucial aspect of any business because it measures the company's ability to generate profits from its core business and is an essential indicator of its financial health as per Rojo (2021). With this, the government stated that the tax system is adjusted to boost revenue. Based on the researchers' findings, the most reported sales during the start of the implementation of TRAIN Law is above 300,000, while most of the businesses had expenses below 50,000. Conversely, during 2020 and 2021, there was a significant decrease in the reported sales of most business owners to below 50,000, with below 50,000 expenses possibly influenced by the economic conditions of these years. Over the subsequent years, the pattern varies due to different factors such as Covid-19 which has a big impact on all kinds of industries. Despite this, there's a return to a more balanced distribution of sales and expenditures across various brackets during 2022. Nevertheless, this study shows that business owner's revenue during the implementation of TRAIN Law does not align with their aim to boost their revenue.

The findings of the study, as indicated by the statistical analysis presented in Table 5, suggested that the relationship hypothesized between the level of effectiveness of Tax Reform for Acceleration and Inclusion Law and the operating performance of the business was not statistically significant at the 95% confidence level. This means that the operating performance of the business has no significant relationship with the implementation of the Tax Reform for Acceleration and Inclusion Law.

CONCLUSION

This study gives clarification and relevant insights into the effect of the Tax Reform for Acceleration and Inclusion law on the operational performance of food franchises. The findings of this research indicate that tax reform does not have a favorable effect on the revenue-generating capabilities of businesses, and the expectation that it will augment consumers' purchasing power does not materialize. In addition, the surge in commodity prices leads to increased operational expenses that result in higher operating expenses and lower revenue. Carcido-Damasig, et al. (2022) study indicates that the TRAIN law potentially reduced personal income taxes for Filipino citizens while simultaneously elevating the cost of living in the country, which subsequently led to decreased sales and revenue for enterprises and increased expenditures for their proprietors. Therefore, this analysis demonstrates that the operating performance of a business is not significantly correlated with the level of effectiveness of the Tax Reform for Acceleration and Inclusion Law. This connects to Punongbayan's (2019) study, that the tax adjustment implemented had made poverty and economic inequality worse, casting doubt on some of the claimed benefits it had brought to the welfare system. Furthermore, several researchers concluded that the tax reform is detrimental to the food business, particularly for the food vendors near schools.

LIMITATION AND FURTHER RESEARCH

The complex nature of the data emphasizes the need for strategic guidance to help businesses navigate the changing landscape. The researchers distill insights from the analysis and propose recommendations to empower businesses, policymakers, and stakeholders.

1. It is critical to support the implementation of adaptive strategies because they can help firms withstand the unpredictability of economic fluctuations. These strategies should be flexible enough to adjust to changes in sales and expenses. Businesses can better manage difficulties and take opportunities in dynamic markets by encouraging them to be proactive in modifying their tactics.
2. Further research into the impact of tax measures on business performance is also crucial. To fully understand the complex interactions between general economic trends and specific industry dynamics, more research is necessary. A thorough understanding of these variables not only helps to guide the creation of efficient tax laws but also provides companies with strategic knowledge. Thus, this fosters an atmosphere that allows businesses to prosper regardless of the changing economic situation.
3. Lastly, it would be beneficial for future researchers to investigate areas with higher populations or higher proportions of franchises and business stalls. This method can lead to a richer and more detailed study by offering a greater understanding of the dynamics that occur in a variety of populated and diverse situations.

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