

**The Impact of Change in Taxation Policies on the profitability of
banking sector:**

**“A Comparative of Traditional methods with economic Value Added
(EVA) Index in the measurement of profitability ”**

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Abstract

This study primarily aimed at measuring the effect of change in taxation policies on the Jordanian banks profitability where it was based on a trade-off in measuring profitability using traditional methods which is return on assets (ROA) and return on equity (ROE) with economic value added (EVA) which represents the modern measurement index in this study. Data were collected through financial reports to all of Jordanian banks listed in Amman stock exchange for the period from (2013-2017) which represents before and after changes in taxation policies where the period before the change in taxation policies was from (2013-2014), and after the taxation policies from (2015-2017).

The study examined hypotheses by using statistical analysis program (SPSS), including arithmetical average, standard deviation, minimum and maximum values of financial ratio, then study the effect using simple regression analysis, to achieve the objectives of the study.

The changes in taxation policies led to a rise in Income tax from (30%) to (35%) in Jordanian banks. The study found that the change in taxation policies led to lower in

return on equity (ROE), moreover the change in taxation policies and rise in tax rate led to lower return on assets (ROA), the study showed that economic value added (EVA) have been reduced as a result of changes in taxation policies.

Keywords: Taxation policies, Taxes, Economic Value Added.