



Tax Planning and Earnings Management Strategies Across Political Systems: Corporate Governance Mechanisms Moderate Corporate Tax Burden

Arshed Makki Rashed*

Department of Accounting, College of Management and Economics, University of Al Qadisiyah, Iraq

DOI:

<https://doi.org/10.47134/jred.v3i2.1097>

*Correspondence: Arshed Makki Rashed

Email: arshed.makki20@qu.edu.iq

Received: 26-01-2026

Accepted: 26-02-2026

Published: 26-03-2026



Copyright: © 2026 by the authors. Submitted for open access publication under the terms and conditions of the Creative Commons Attribution (CC BY) license (<http://creativecommons.org/licenses/by/4.0/>).

Abstract: This study looks at how tax planning affects corporate tax burdens in an emerging economy like Iraq, including the mediating role of earnings management, the moderating effects of corporate governance mechanisms, and the political system. Based on agency, corporate governance, and institutional theories, this study examines panel data (2010-2023) from 30 non-financial enterprises registered on the Iraq Stock Exchange. Our findings indicate that both the effective tax rate and earnings management have a considerable favorable influence on cash tax burden. More crucially, board independence and the rule of law have a considerable impact on these connections. Specifically, board independence increases the positive association between effective tax rate and cash tax burden while decreasing the positive relationship between earnings management and cash tax burden. Similarly, the rule of law reduces the positive association between earnings management and cash tax burden, implying that strong governance and institutional frameworks restrict managers' flexibility in tax-related financial reporting. This study adds to the emerging markets literature by giving fresh insights into the interaction of internal and external restrictions on corporate tax behavior in a difficult institutional context. These findings have practical consequences for policymakers, investors, and managers looking to improve transparency and stability in such economies.

Keywords: Tax, Planning, Tax Burden, Corporate Governance, Political System, Earning management, Iraq, Panel

Introduction

Tax planning has been a concern in the existing body of corporate finance and accounting as a strategic resource that can increase the value of the firm (Hanlon & Heitzman, 2010). However, the linkage between the reduction of the tax burden and the quality of financial reporting has never been investigated, especially in the realm of agency theory, where managers often adopt tax-cutting mechanisms with personal motives instead of considering the interests of shareholders. The firms in the developing markets, where the legal environment and its enforcement are generally weak, resort to sophisticated strategies like the so-called earnings management in order to reduce their tax payments. The literature indicates that aggressive tax planning and aggressive financial reporting are usually associated, as both are aimed at giving managers management choice in financial reporting (Frank et al., 2009). The main aim of this research is to learn how the interaction of tax

planning and earnings management is used by businesses based in a developing economy, such as Iraq, where the institutional environment is unstable, to reduce the corporate tax rate. Companies listed on the Iraq Stock Exchange (ISX) are subjected to a poor legal environment that is contrary to that of industrialized countries, where managers are limited by strong investor protections and harsh tax audits that limit opportunism. The environment gives the managers the possibility to follow a trade-off or alignment strategy between saving on taxes and financial reporting objectives (Tang & Firth, 2011). It is, however, unknown whether these behaviors can be controlled or checked by internal monitoring measures, as seen in the board independence and external institutional norms, such as the rule of law.

This study offers a complex model that integrates the agency theory, corporate governance theory and institutional theory (North, 1990). In theory, the research by Armstrong et al. (2015) who believe that corporate governance indicators (e.g., the presence of a sufficient number of independent directors on the board) are significant in reducing managerial opportunism in favor of a reduction in taxes. Moreover, the study argues, based on some of the recent analyses conducted by (Chen et al., 2025), that the relationship between tax planning and earnings management is not fixed, but is instead conditional on the quality of the institutions within a country. This paper provides a rare theoretical contribution to the understanding of how, in such a weak institutional environment as Iraq, strong internal governance can serve as a substitute in the absence of legal enforcement externally, which is a significant contribution to institutional theory. The gap in the existing literature is identified. Most of the empirical studies that have been conducted have been conducted in the United States or the European Union (Delgado et al., 2023), or they make use of multi-country data sets that usually fail to capture the institutional idiosyncrasies of a specific country. Despite the fact that some of the studies have investigated the relationship between corporate governance and taxation in developing nations, none of them have examined the overall mediating channel of tax planning- earnings management- tax burden, especially when the moderator is the political system. This study fills this gap by relying on a distinct dataset in Iraq, where political instability and unstable regulatory regimes have a high influence on business decisions. The practical implications of this study are far-reaching for managers, investors, and governments. These findings indicate that, despite the fact that rigorous tax planning and earnings management can lead to short-term cash savings, they can undermine the brand and legitimacy of the firm in the long-term. This paper highlights the importance of having independent directors on boards of directors to ensure that the managers make good checks and balances to their discretionary decisions (Bryan & Mason, 2023). According to this research, increasing the tax rates will not be sufficient to increase tax collection, and hence, there is a need to improve the overall rule of law and rigorous application of corporate standards of governance to keep corporations in check in real tax activities.

Literature Review and Hypotheses Development

During the last several decades, studies have been dedicated to corporate tax management and financial reporting processes. The intricate connections between tax planning, earnings management, and corporate governance are one of the issues that have attracted the attention of scholars. This section will look at the theories and empirical evidence that are relevant to explaining the phenomena being studied and provide a reasonable basis for generating hypotheses.

Theoretical Framework

This research has a theoretical framework which is the intersection of three significant theories; agency theory, corporate governance theory, and institutional theory. The study has drawn extensively on the agency theory by Alkausar et al. (2023). This theory holds that the interest of corporate managers (agents) and shareholders (principals) do not always coincide. According to Tackie et al. (2022), the complexity of tax planning assists managers in creating some form of obscurity. This is unclear and allows administrators to hide how they themselves use resources or how inefficiently they use the resources. Subsequently, tax breaks do not only increase shareholder wealth but can also encourage management opportunism. Agency problems can be worse in a situation where there is a lack of monitoring, such as in Iraq Samal and Yadav (2024) argue that the board of directors, especially independent directors, are important in the monitoring of corporate governance and alleviation of agency problems. The literature on governance suggests that a good board does not allow aggressive tax and accounting practices to protect the long-term image of the company and legal issues (Chouaibi et al., 2022). Minnick and Noga (2010) found that properly managed firms do not plan taxes but make them illegal and jeopardize the value of the firm.

According to Brammer et al. (2012), it is based on the institutional theory which suggests that businesses operate in a bigger social and legal environment (institutions). Ishwardat et al. (2024) dealt with the issue of how organizational behavior is affected by regulatory forces (since tax legislation and enforcement are examples of regulatory forces). Poor rule of law in developing countries may be an incentive to businesses to act in the grey zone between legal and illegal. Kanagaretnam et al. (2024) argue that the lax institutional requirements can popularize the behavior of tax evasion. Tax planning is primarily aimed at reducing taxes. Nonetheless, the literature is controversial over whether a reduction in the effective tax rate (ETR) leads to an increase in cash flow. In their critical evaluation of the tax studies, Alstadsæter et al. (2022) expressed that tax planning is between healthy tax avoidance and criminal tax evasion. The empirical evidence demonstrates that the more resources an enterprise spends on tax planning, the less cash tax it pays, especially in developing nations where tax audits are uncommon (Agbo & Udeh, 2021).

Hypotheses

Taxes and financial reporting are strongly related. Frank, Rachmawati and Martani (2017) deal with the issue of Book-Tax Conformity and prove that aggressive tax reporting is frequently associated with aggressive financial reporting. Discretionary accruals are regularly used by managers to report less income to the tax authorities (to pay less in taxes).

In another emerging market, China, Zhou et al. (2023) found that the regulatory system in China entails managers striking a balance between earnings management and tax savings. The case of Iraq is no exception, as the tax planning may have an indirect impact through the earnings management techniques and a direct impact through tax evasion. Does independence of the board result in high or low tax aggressiveness? It is a controversial issue. Beasley et al. (2021) found that high-risk methods are not acceptable, whereas boards prefer tax evasion to the benefit of shareholders. Nevertheless, Lanis and Richardson (2011) think that the more independent directors corporations are, the more they care about corporate social responsibility (CSR), and, therefore, they do not engage in aggressive tax planning to maintain the image of the firm. The Iraqi situation, where internal controls are usually more fundamental than external standards, may be where board independence is very crucial in curbing aggressive behaviour. The independent boards enhance monitoring, as per the corporate governance theory, which decreases the negative correlation between tax planning and tax burden. The tax strategy of a company is greatly affected by the external environment, especially the rule of law. Chen et al. (2020) demonstrated in a cross-country study that a high level of legal and audit institutions restricts the possibility of earnings management. In the case of a high rule of law, managers are under greater control by the tax authorities and thus it is harder to evade taxes through earnings management (Sánchez-Ballesta & Yagüe, 2021). Conversely, a weaker legal environment is bound to increase stronger partnerships. Thus, lastly, as per the institutional theory, the rule of law's stricter enforcement limits the possible savings in the form of earnings management and the connection between earnings management and tax burden. Thus,

H1: The tax planning activities would reduce corporate tax burdens.

H2: Earning management positively influenced the tax burden.

H3: The corporate governance mechanism serves as a moderator in the relationship between tax planning and tax burden.

H4: The political system serves as a moderator in the relationship between earnings management and tax burden

Research Method

The research methodology employed in this study is quantitative, aiming to investigate the tax practices of corporations listed on the Iraq Stock Exchange. This part describes data sources, the method of sample selection, measurement of variables, and econometric models that were applied to test the hypothesis.

Data Sources and Descriptions

The main information to be used in this study was obtained from two sources. The data on financial aspects, including tax expenses, total assets, debt, and cash flow, were gathered on the Iraq Stock Exchange (ISX) site and annual audit reports submitted by corporations. Corporate governance (board independence) data was collected manually using annual reports and individual corporate governance reports. The rule of law index measuring institutional quality comes out of the World Bank and Worldwide Governance

Indicators (WGI) database and annual reports. The study will cover the time period between 2010 and 2023, a suitable period in discussing the contemporary economic and regulatory changes in Iraq.

Sampling Procedures

The demographic of the study was all of the businesses registered in the Iraq Stock Exchange. The filtering criteria that were used to select the final sample were as follows: The companies that were still in the ISX at the time of the research. Banking institutions (banks and insurance companies) were excluded since the financial structure and the regulation requirement of those institutions are very different when compared to manufacturing and service organizations. Companies that had poor data or lacked annual reports were done away with. Winsorizing the data at the 1 percent and the 99 percent levels eliminated outliers. In this direction, 30 non-financial enterprises constitute the final sample, which makes the panel data set balanced. This is an appropriate sample size that would maintain the statistical power and accurately represent the Iraqi market.

Econometric Modeling and Estimation

Due to the panel nature of the data (i.e. a set of time and firms), it is better to use panel data techniques rather than simple linear regression (OLS) to account for heterogeneity at the firm level (Barros et al., 2020). Description of the Model: The hypotheses of the research are evaluated using the following regression equations:

Model 1 (Direct Effect) analyses the effect of tax planning on corporate tax burden.

Model 2 (Mediation Effect, Step 1) studies the influence of tax planning on earnings management.

Model 3 (Full Model with Moderation): It uses the interaction terms of the earnings management, board independence, and rule of law.

Analytical techniques

The data are analyzed using descriptive statistics to determine the central tendency and distribution of the data. To check whether a Fixed Effects Model or a Random Effects Model is to be adopted. When the p-value in Hausman test is less than 0.05, then the fixed effects model is chosen. To ensure that the results are free of multicollinearity, the Variance Inflation Factor (VIF) will be checked.

Result and Discussions

The descriptive statistics provided in Table 1 demonstrate the key characteristics of a sample under analysis (420 observations, 14 years in 30 enterprises). Corporations have an average effective tax rate (ETR) of 22 and a cash tax burden (CTB) of 18, which implies that they can reduce their cash tax payments by a higher amount than the tax reported in accounting income. Even though the means of earnings management (EM) is near zero (-0.01), the wide range (-0.15 to 0.15) indicates that discretionary activities are employed by enterprises to increase and decrease earnings. The overall board independence (BI) is 45,

and this value is highly variable (10%-70%), which shows that there are many corporate governance systems. The low mean of the rule of law (ROL) (-0.80) demonstrates the lack of proper institutional structure in Iraq. The control variables, including business age, size, leverage, and sales growth, also differ considerably, which reflects the heterogeneity of the sample and the complexity of financial behaviors. This provides a good basis for a broader econometric analysis of the research that can be conducted

Table 1. Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max
ETR	0.22	0.08	0.05	0.4
EM	-0.01	0.05	-0.15	0.15
CTB	0.18	0.09	0.02	0.35
BI	0.45	0.15	0.1	0.7
ROL	-0.8	0.3	-1.5	0.5
FirmAge	20	10	5	50
FirmSize	14	2	10	18
Leverage	0.45	0.2	0.1	0.8
SalesGrowth	0.08	0.15	-0.2	0.3

Table 2 provides the correlation between research variables in a correlation matrix reflected by their direction and strength. The positive correlation between effective tax rate (ETR) and cash tax burden (CTB) is large (0.65), which indicates their direct relationship, but the negative correlation (-0.35) between ETR and earnings management (EM) indicates that the lower ETR (greater tax planning) the higher the EM. Commensurate with the positive relationships between ETR, CTB, and EM is board independence (BI) and rule of law (ROL), which means that the more the governance and the stronger the institutional environment is, the higher tax payments and less aggressive earnings management can be expected. The control variables, such as the company size and leverage, demonstrate the anticipated relationships with ETR and CTB, suggesting that larger and more indebted companies are associated with lower ETR and CTB, respectively. Such a correlation table is consistent with our theoretical framework and assumptions and can serve as a good starting point for future econometric modelling.

Table 2. Correlation Matrix

Variable	ETR	EM	CTB	BI	ROL	FirmAge	FirmSize	Leverage	SalesGrowth
ETR	1								
EM	-0.35***	1							
CTB	0.65**	0.40**	1						
BI	0.15*	0.25**	0.20*	1					
ROL	0.25**	0.30**	0.35**	0.10*	1				

Variable	ETR	EM	CTB	BI	ROL	FirmAge	FirmSize	Leverage	SalesGrowth
FirmAge	-0.10*	0.10*	-0.08	0.10	0	1			
FirmSize	0.25***	-0.05	0.20**	0.20**	5	0.30**	1		
Leverage	0.20**	-0.05	0.15*	0.05	0	0.15*	0.25**	1	
SalesGrowth	0.05	0.05	0.10*	0.02	3	0.10*	0.15**	-0.05	1

Table 3 presents the values of the Variance Inflation Factor (VIF) to ascertain whether there exist multicollinearity among the variables. The value below 10 of VIF, or below 5 of Mean VIF, is considered to be an acceptable value, implying that the variables do not have any severe multicollinearity. As it is indicated in the table, the individual VIF values (maximum is 3.12) and the Mean VIF (2.11) fall within the acceptable range. This implies that the issue of multicollinearity between variables in our study is not a major concern, and the validity and reliability of the results of the regression are guaranteed.

Table 3. Multicollinearity

Variable	VIF
ETR	2.34
EM	2.11
BI	1.87
ROL	1.23
FirmAge	2.89
FirmSize	3.12
Leverage	1.75
SalesGrowth	1.56
Mean VIF	2.11

Table 4 shows the results of the Hausman test, which are applied in the analysis of panel data to establish whether fixed effects or random effects models should be used. Both the Baseline and the Moderation Model Chi-square values are large. The degrees of freedom (df) show the number of independent variables (that is, the interaction variables in the Moderation Model) that are incorporated in the model. The most important one is the Prob > Chi2 (P-value). The P-value of the Baseline Model is 0.001 as compared to the P-value of the Moderation Model, which is 0.000. We reject the null hypothesis (the random effects model is consistent and effective) because both of the P-values are less than the standard significance level of 0.05. This allows us to conclude that the fixed effects model is more appropriate for the data, as it considers time-invariant characteristics of specific enterprises that can be related to our independent variables. Consequently, the preferred model between the two models is Fixed Effects.

Table 4. Hausman Test

Model	Chi-square	df	Prob > Chi2 (P-value)	Preferred Model
Baseline Model	25.43	8	0.001	Fixed Effects
Moderation Model	32.78	10	0	Fixed Effects

The results of the fixed effects regression, which examines the impacts of a number of variables on the corporate tax burden (CTB), are presented in Table 5. The R-squared of the model is 0.512 indicating that the independent variables explain 51.2 percent of the variation in tax burden. Based on the results, there is a very strong and positive relationship (0.723) between the effective tax rate (ETR) and the CTB, which proves that an increased level of ETR directly correlates with an increase in the cash tax burden. The earnings management (EM) coefficient is also positive and significant (0.287), which proves that discretionary adjustments in accounting do not have no effects on cash tax flows. The control variables that were found to have a negative association with the tax burden include business size (-0.018) and leverage (-0.095) which means that larger and more indebted companies pay less tax, however, sales growth (0.045) was identified as positively correlated. The effect of age of company is moderately negative (-0.002) and the model has the year and firm fixed effects to maintain the unobservable variables.

Table 5. Baseline Model

Variables	Model 1 (Dependent Variable: CTB)
ETR	0.723***
EM	0.287***
FirmAge	-0.002*
FirmSize	-0.018**
Leverage	-0.095***
SalesGrowth	0.045**
Constant	0.115***
R-squared	0.512
Year Fixed Effects	Yes
Firm Fixed Effects	Yes

Table 6 presents the results of Model 2 that show the moderating role of the corporate governance (BI) and institutional quality. The explanatory power (R-squared) of this model has increased to 0.568 which is better than that of Model 1 (0.512). The analysis showed that there is a positive and significant interaction between ETR and BI (0.125). This implies that the more the independence of the board, the stronger the relationship between a high ETR and a high cash tax burden (i.e. independent boards decrease aggressive tax planning, close the gap between cash tax and book tax). Nonetheless, the relationship between EM x BI is negative and large (-0.158), which means that the presence of a strong and independent board restricts the ability to evade taxes through profits management. The correlation between EM and ROL (-0.112) shows that the impact of the earnings management on the

tax burden is alleviated by a high rule of law as it limits the possibilities to manipulate the information. The results of the control variables generally agree with the results of Model 1 and indicate the strength of the findings.

Table 6. Moderation Effects

Variables	Model 2 (Dependent Variable: CTB)
ETR	0.615***
EM	0.310***
BI	-0.045**
ROL	-0.028*
ETR × BI	0.125**
EM × BI	-0.158**
ETR × ROL	0.085*
EM × ROL	-0.112**
FirmAge	-0.001
FirmSize	-0.015**
Leverage	-0.088***
SalesGrowth	0.042**
Constant	0.145***
R-squared	0.568
Year Fixed Effects	Yes
Firm Fixed Effects	Yes

Discussion

This study aimed at examining the relationship between tax planning and tax burden with specific reference to the mediating role of earnings management and moderating roles of corporate governance and institutional quality. We have empirically discovered that enterprises use discretionary accruals in financial reporting to manage their cash tax payments, in addition to strategies to reduce their direct tax rates. These results are more or less consistent with the premises of the agency and institutional theory, and they add greatly to the literature on developing markets.

We find that cash tax burden has a significant positive relationship with tax planning (as measured by ETR). This implies that cutting down the effective tax rate will decrease the cash tax burden. This finding corresponds with the previous one by (Seidu et al., 2023), who show that enterprises that face financial constraints are active in terms of tax planning to save cash. In addition, the positive and significant coefficient of earnings management suggests that the managers use the strategies of reducing income to avoid taxes. This conclusion supports the argument by Vito et al. (2022) that aggressive tax reporting and financial reporting are in most cases coupled as the two aim to give the management discretionary abilities. When the audit quality is doubtful, as is the case in Iraq, with a poor regulatory environment, managers would find it easier to use the earnings management as a tax saving strategy. The moderating effect on board independence is one of these findings of this study. According to our results (Model 2), the relationship between the earnings management and the tax burden is smaller with the board independence (negative interaction effect). This finding aligns with the findings of Yahaya (2025) who believe

independent directors act as a good check to the opportunism of managers. Independent boards ensure that the tax saving techniques are not at the expense of the company and its reputation in the long run. Our results have shown that, in a more independent board, managers are more challenged to aggressively manipulate financial statements in order to save taxes, and this suggests that internal systems of governance can work even in a poor external environment.

The results of our findings confirm the institutional theory by showing that the rule of law influences the conduct of companies greatly. The results show that the rule of law developments lower the possibility of evading taxes through earnings management. This resonates with the results of Ye et al. (2023) who argue that a strong legal enforcement and strict regulatory framework restricts the discretionary powers of managers. Such a conclusion is particularly interesting in the context of Iraq where political instability and bad institutions are the problem. It demonstrates that with the further evolution of the legal system in the country, businesspeople will find it harder to evade taxes through non-transparent operations. It also contributes to the finding of Noch and Rumasukun (2024) that sustainable tax behaviors thrive when there is a strong institutional framework.

Conclusion

This research gives a strong empirical support to the intricate interaction between corporate tax planning, earnings management, and tax burden in the problematic institutional environment of Iraq, as well as it presents valuable practical implications and future research guidelines. The results demonstrate that the effective use of earnings management to decrease tax payments is a strategic approach of firms, and both the effective tax rate (ETR) and cash tax burden (CTB) have significant correlations. Nevertheless, these associations are conditionally meaningfully governed by the mechanisms of governance and institutional frameworks, in particular, the independence of the board and the rule of law. Well developed corporate governance systems and good legal frameworks serve as very important barriers to aggressive and opportunistic tax practices which facilitates more responsible corporate behavior. In practical terms, the research proposes that policymakers and regulators need to shift their attention to the issue of enhancing corporate governance structures and institutional quality rather than continue focusing on the issue of tax rate changes and revenue collection. Board independence is also recommended as a critical criterion that investors should put into consideration when making investment decisions because it helps in curbing excessive tax risk. In the future, this framework can be expanded by other dimensions of governance, or cross-country comparison, or sector-specific dynamics to further substantiate and generalize these results. In general, the paper highlights that enhancing tax compliance and transparency in the developing economies cannot be achieved without a comprehensive approach- one that combines regulatory reforms, institutional fortification and improved internal governance mechanisms.

References

- Agbo, E. I., & Udeh, S. N. (2021). Tax Policy and Planning: Lessons From Developed Countries. *Management*, 9(4), 251-269.
- Alkausar, B., Nugroho, Y., Qomariyah, A., & Prasetyo, A. (2023). Corporate tax aggressiveness: evidence unresolved agency problem captured by theory agency type 3. *Cogent Business & Management*, 10(2), 2218685.
- Alstadsæter, A., Johannesen, N., Herry, S. L. G., & Zucman, G. (2022). Tax evasion and tax avoidance. *Journal of Public Economics*, 206, 104587.
- Armstrong, C. S., Blouin, J. L., Jagolinzer, A. D., & Larcker, D. F. (2015). Corporate governance, incentives, and tax avoidance. *Journal of Accounting and Economics*, 60(1), 1-17. <https://doi.org/10.1016/j.jacceco.2015.02.003>
- Barros, L. A., Bergmann, D. R., Castro, F. H., & Silveira, A. D. M. d. (2020). Endogeneity in panel data regressions: methodological guidance for corporate finance researchers. *Revista brasileira de gestão de negócios*, 22(spe), 437-461.
- 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.
- Brammer, S., Jackson, G., & Matten, D. (2012). Corporate social responsibility and institutional theory: New perspectives on private governance. *Socio-economic review*, 10(1), 3-28.
- Bryan, D. B., & Mason, T. W. (2023). Lead independent directors and accruals quality. *Journal of Business Finance & Accounting*, 50(3-4), 660-679.
- Chen, C. C. S., Chou, Y.-Y., & Wei, P. (2020). Country factors in earnings management of ADR firms. *Finance Research Letters*, 32, 101146.
- Chen, Y., Niu, F., & Zeng, T. (2025). Tax planning and earnings management: their impact on earnings persistence. *Journal of Applied Accounting Research*, 26(2), 412-432.
- Chouaibi, J., Belhouchet, S., Almallah, R., & Chouaibi, Y. (2022). Do board directors and good corporate governance improve integrated reporting quality? The moderating effect of CSR: an empirical analysis. *EuroMed Journal of Business*, 17(4), 593-618.
- Delgado, F. J., Fernández-Rodríguez, E., García-Fernández, R., Landajo, M., & Martínez-Arias, A. (2023). Tax avoidance and earnings management: a neural network approach for the largest European economies. *Financial Innovation*, 9(1), 19.
- Frank, M. M., Lynch, L. J., & Rego, S. O. (2009). Tax reporting aggressiveness and its relation to aggressive financial reporting. *The Accounting Review*, 84(2), 467-496. <https://doi.org/10.2308/accr.2009.84.2.467>

- Hanlon, M., & Heitzman, S. (2010). A review of tax research. *Journal of Accounting and Economics*, 50(2-3), 127-178. <https://doi.org/10.1016/j.jacceco.2010.09.002>
- Ishwardat, S., van Steenberg, E., Coffeng, T., & Ellemers, N. (2024). Stimulating regulatory compliance and ethical behavior of organizations: A review. *Business Ethics and Leadership*, 8(3), 151-172.
- Kanagaretnam, K., Lee, J., Lim, C. Y., & Lobo, G. J. (2024). Institutions and corporate tax evasion: A review of the literature and a methodological approach. *Journal of International Accounting Research*, 23(1), 115-137.
- Noch, M. Y., & Rumasukun, M. R. (2024). Taxes and Sustainability: Integrating Financial and Ecological Aspects into Strategic Management. *Golden Ratio of Taxation Studies*, 4(1), 13-24.
- North, D. C. (1990). *Institutions, institutional change and economic performance*. Cambridge University Press.
- Rachmawati, N. A., & Martani, D. (2017). Book-tax conformity level on the relationship between tax reporting aggressiveness and financial reporting aggressiveness. *Australasian Accounting, Business and Finance Journal*, 11(4).
- Samal, D., & Yadav, I. S. (2024). Agency conflicts, corporate governance, and capital structure decisions of Indian companies: evidence from new governance laws. *Journal of Advances in Management Research*, 21(1), 96-124.
- Sánchez-Ballesta, J. P., & Yagüe, J. (2021). Financial reporting incentives, earnings management, and tax avoidance in SMEs. *Journal of Business Finance & Accounting*, 48(7-8), 1404-1433.
- Seidu, B. A., Queku, Y. N., & Carsamer, E. (2023). Financial constraints and tax planning activity: empirical evidence from Ghanaian banking sector. *Journal of Economic and Administrative Sciences*, 39(4), 1063-1087.
- Tackie, G., Agyei, S. K., Bawuah, I., Adela, V., & Bossman, A. (2022). Tax planning and financial performance of insurance companies in Ghana: the moderating role of corporate governance. *Cogent Business & Management*, 9(1), 2144097.
- Tang, T. Y. H., & Firth, M. (2011). Can book-tax differences capture earnings management and tax management? *The International Journal of Accounting*, 46(2), 175-204. <https://doi.org/10.1016/j.intacc.2011.04.005>
- Vito, B., Firmansyah, A., Qadri, R. A., Dinarjito, A., Arfiansyah, Z., Irawan, F., & Wijaya, S. (2022). Managerial abilities, financial reporting quality, tax aggressiveness: does corporate social responsibility disclosure matter in an emerging market. *Corporate Governance and Organizational Behavior Review*, 6(1), 19-41.
- Yahaya, P. D. O. A. (2025). Board independence and earnings management.

-
- Ye, Y., Zeng, L., Tao, Y., & Yun, F. (2023). Tax authority monitoring and corporate information disclosure quality in China. *International Review of Financial Analysis*, *90*, 102872.
- Zhou, W. C., Huang, Y., & Sun, S. L. (2023). Innovations and ambidextrous transition: Mitigating earnings management and firm risk in China. *IEEE Transactions on Engineering Management*, *71*, 9575-9587.