SFB/Transregio 266
ACCOUNTING FOR
TRANSPARENCY

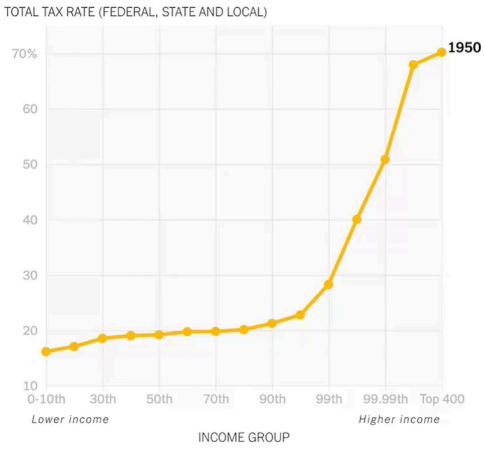
# Research on Corporate Transparency

## Element 20: Tax Transparency - Effects

Joachim Gassen

TRR 266 Accounting for Transparency
June 25, 2021

# Tax transparency matters




https://www.nytimes.com/interactive/2019/10/06/opinion/income-tax-rate-wealthy.html

## But assessing its effects is inherently hard

- Literature is emerging and not yet conclusive (Müller et al., SSRN 2020)
- Private disclosures (OECD CbCR) seem to affect corporate tax planning behavior, location choices and tax levels (Joshi, JAR 2020; de Simone and Olbert, SSRN 2021)
- Evidence that public disclosure of potential tax evasion leads to firm behavior consistent with higher level of scrutiny of tax authorities (O'Donovan et al., RFS 2019 on Panama Papers)
- Public CbCR: Firms seem to change tax planning behavior (income shifting) but not necessarily pay higher taxes (Joshi et al. CAR 2021)
- Limited evidence on whether investors and/or analysts use public tax disclosures
- Managers seem very concerned about reputation effects (Graham et al., 2014) but no effect on consumer behavior (Asay et al., SSRN 2021)

# Literature


- Asay, Hoopes, Thornock and Wilde (SSRN, 2021): http://dx.doi.org/10.2139/ssrn.3815192
- De Simone and Olbert (SSRN, 2021): http://dx.doi.org/10.2139/ssrn.3398116
- Graham, Hanlon, Shevlin and Shroff (TAR, 2014): https://doi.org/10.2308/accr-50678
- Joshi (JAR, 2020): https://doi.org/10.1111/1475-679X.12304
- Joshi, Outslay and Persson (CAR, 2020): https://doi.org/10.1111/1911-3846.12601
- Müller, Spengel and Vay (SSRN, 2020): http://dx.doi.org/10.2139/ssrn.3736747
- O'Donovan, J., Wagner and Zeume (RFS, 2019): https://doi.org/10.1093/rfs/hhz017