



SFB/Transregio 266

## ACCOUNTING FOR TRANSPARENCY

### Research on Corporate Transparency

#### Element 19: Tax Transparency - Incentives

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## The value of tax transparency varies by stakeholder group

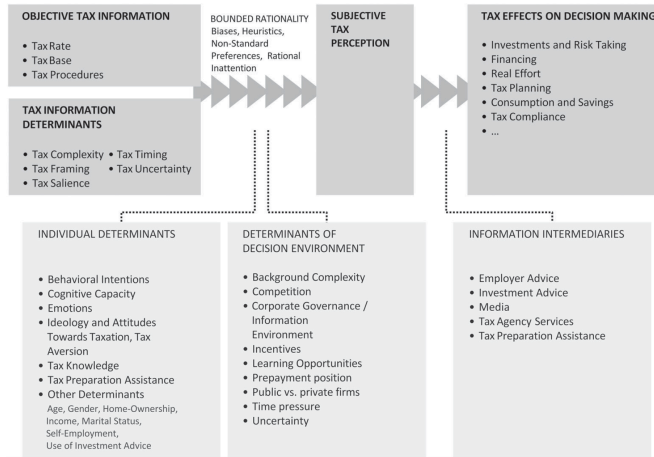
- Taxation authorities: Information helps to reduce the “gray areas” of tax law and procedures
- Investors: Efficient tax planning increases firm value
- Non-financial stakeholders: Aggressive tax strategies might violate the social contract, threatening the legitimacy of corporations (in more economic terms: destroy the reputation of the firm for honoring incomplete societal contracts)

Private disclosure is likely to be mostly a compliance issue with little degrees of freedom

Public disclosure

- Balancing stakeholder interests is tricky, even absent managerial incentives
- Tax complexity creates insecurity about legal consequences of tax planning
- Insecurity about 'tax literacy' of financial and non-financial stakeholders
- Strategic use of tax information by activist stakeholders?

# Behavioral taxpayer response



Blaufuß et al. (EAR, 2020, p.15)

- Blaufus, Chirvi, Huber, Maiterth and Sureth-Sloane (EAR, 2020):  
<https://doi.org/10.1080/09638180.2020.1852095>
- Müller, Spengel and Vay (SSRN, 2020): <http://dx.doi.org/10.2139/ssrn.3736747>