ADVANCES IN TAXATION

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EDITED BY

JOHN HASSELDINE
University of New Hampshire, USA

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CONTENTS

ABOUT THE EDITOR

Since 2011, Dr John Hasseldine has been a Professor of Accounting and Taxation in the Peter T. Paul College of Business and Economics at the University of New Hampshire. Previously, he was a Chair and Head of the Accounting and Finance Department at the University of Nottingham Business School. John, a Kiwi, qualified as a chartered accountant in New Zealand and is a Fellow of the Association of Chartered Certified Accountants (FCCA) based in London.

John has served on three government committees in the United Kingdom and was a contributor to the Mirrlees Review of the UK tax system conducted by the Institute of Fiscal Studies. He has been an external expert at the International Monetary Fund, a visiting professor at the University of New South Wales, Sydney, and a keynote speaker at several international tax conferences. He travels widely, speaking at national and global conferences, including one on VAT organized by the OECD, World Bank and IMF, and a conference on dealing with the national tax gap held at the US Library of Congress in Washington DC. He is a coauthor of *Comparative Taxation: Why Tax Systems Differ* (Fiscal Publications, 2017) and an International Fellow at the University of Exeter Tax Administration Research Center.

John received his PhD in Accounting in 1997 from the Kelley School of Business at Indiana University, Bloomington, and his Master of Commerce in Accounting and Bachelor of Commerce from the University of Canterbury, Christchurch, New Zealand.

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LIST OF CONTRIBUTORS

Jonathan Farrar	Wilfrid Laurier University, Canada
Thomas Farrar	Cape Peninsula University of Technology, South Africa
Roger Graham	Oregon State University, USA
Shipeng Han	University of Massachusetts Dartmouth, USA
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Morina Rennie	University of Regina, Canada
David Tree	Old Dominion University, USA
Ling Tuo	Old Dominion University, USA
Stephanie Walton	Louisiana State University, USA
Dilin Wang	Grand Valley State University, USA

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INTRODUCTION

I would like to acknowledge the ad hoc expert reviewers listed below for their valuable and timely reviewing activity during 2022–2023.

Cathalene Rogers Bowler (University of Northern Iowa)
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Susan Jurney (Oklahoma City University)
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In Volume 31, there are eight articles. In the lead article, Kimberly Krieg and John Li examine why Cash ETRs of US domestic firms have decreased over time. They find that, when coefficients are allowed to differ, between an early sample and a later period sample, there is no longer a decline in the unexplained portion of Cash ETR across the two periods, and that the previously observed decline is associated with a change in the relation between firm size and Cash ETR between the two periods. Further analysis suggests that the coefficient on firm size has been declining over the past 20 years, and that controlling for this time trend alone is sufficient to explain the declining trend in Cash ETRs for domestic firms.

Next, Roger Graham, K.C. Lin, and Jared Moore investigate if US effective tax rates on foreign income of US multinationals (MNCs) vary according to the favorability of US macroeconomic conditions relative to those of non-US countries. They use the pre-Tax Cuts and Jobs Act of 2017 regime to show that US effective tax rates on foreign earnings are higher (lower) in periods when macroeconomic conditions in the United States are favorable (unfavorable) relative to those elsewhere in the world. These results imply that firms seek to maximize after-tax returns when making asset allocation decisions, even when faced with US repatriation tax costs. Their findings have implications for the policy debate around the US taxation of foreign earnings and provide a (partial) explanation for the observed lower-than-expected levels of repatriation activity following the implementation of the Tax Cuts and Jobs Act of 2017.

In the third paper, David Tree and Dilin Wang investigate the relationship between firm value and conforming tax avoidance (tax avoidance that does not create a book-tax difference). As conforming tax avoidance has costs, such as lower book income, and these costs potentially lower firm value, it is unclear whether conforming tax avoidance is positively or negatively correlated with firm value. The authors use a measure of conforming tax avoidance recently introduced in the literature and bifurcate tax avoidance into conforming and nonconforming portions using a large sample. They report that investors place a negative value on conforming tax avoidance for the average firm.

A set of three papers then addresses research questions related to taxpayer compliance. In the fourth article, Stephanie Walton studies the impact of audit protection services which provide additional support for taxpayers in the event of an audit. While these services could provide taxpayers with additional confidence, such services could also foster greater reliance on tax software, possibly resulting in riskier tax decisions. Drawing on risk homeostasis theory, this paper investigates whether the amount of taxes owed and the extent of audit protection services affects taxpayer compliance. The findings indicate that taxpayers are more likely to rely on tax software prompts when there are full audit protection services and a greater amount of taxes owed.

In the fifth paper, Jonathan Farrar, Thomas Farrar, Cass Hausserman, and Morina Rennie examine experimentally the extent to which three potential tax authority interventions encourage the reporting of tax fraud to tax authorities and how two types of guilt feelings are involved in this decision. Using a sample of 728 adult taxpayers in the United States, they find that a cash award, a prosocial award, and a moral suasion message positively influence tax whistleblowing intentions and that the moral suasion effect is mediated by intrapsychic guilt (when an individual violates their moral values) and interpersonal guilt (when one's actions cause harm to another).

In the last article in the group, Ling Tuo and Shipeng Han examine the relation between CFOs with a MST degree and their companies' tax compliance based on 2004–2016 data, finding that CFOs with an MST degree are associated with improved tax compliance, suggesting that a graduate tax education, beyond general accounting education, cultivates graduates with higher levels of professionalism and ethics in the field of taxation. They also report that CFOs' tenure, age, and compensation influence the relation between tax education and tax compliance, suggesting company's compensation and employee policies influence executives' tax decisions.

The seventh article is by Allen Hartt, Jonathan Nash, and Catherine Plante who provide a literature review and analysis of Tax Increment Financing (TIF). While little addressed in the tax literature, TIF is a powerful tax tool used by local governments to spur improvements to a designated area. They report that proponents argue that TIF allows local governments to make investments without affecting previously established government and school district programs, whereas detractors argue that because the TIF designation denies existing overlapping districts (e.g., schools) the benefits of increases in property values, TIF can have a negative impact on a community. Their article reviews the potential costs and benefits associated with the use of TIF, and they find that prior empirical studies on economic outcomes and TIF's fiscal effects are mixed.

Finally, Volume 31 is the 10th volume I have edited over the ten-year period from 2014 to 2023. Accordingly, this volume also includes a note on the tax research scholarship published over this period that details authorship, research themes, and research methods adopted together with some thoughts on the future direction for this journal.

John Hasseldine
Editor, Advances in Taxation