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The Moderating Role of Sustainability Report Assurance on the Association between Corporate Social Responsibility and Tax Aggressiveness in Thailand's Listed Firms

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Abstract:
Purpose of the research is to investigate the relationship among social responsibility (SCR) reporting and tax evasion in emerging economies like Thailand. Awake of social responsibility reporting in emerging economies is the reason to conduct this research, although these reports are disclosed voluntarily. In underdeveloped countries, tax evasion and investor's safety are common issues and these practices may be considered to hide an opportunistic behavior in social responsibility reporting. This investigation is aimed to evaluate the moderating role of assurance reporting of CSR reporting on the relationship on the CSR and tax aggression. The parameters used for the measurement of sustainability reporting in this study are derived from global reporting framework (GRI). This analysis of the study is based on the sample of 116 listed firms operating in Thailand for the period 2014-2018. The study used panel data consisting of 580 observations and performed Feasible Generalized least square (FGLS) regression method to test the hypotheses of the study. The outcomes o the study provided empirical evidence that CSR reporting is positively related to tax aggressiveness, further findings disclose that this association is moderated by CSR assurance. Moreover, research findings illustrate that CSR reporting signify that firms are inclined towards social welfare but do not hold the moral values in the corporate environment.

Keywords: *Corporate social responsibility disclosures (CSR), tax aggressiveness, sustainability assurance, business ethics.*

1. Introduction

Social awareness about the significance of the firm's role in society has laid the foundations of CSR activities and reporting (Thongrawd, Bootpo, Thipha, & Jermsittiparsert, 2019). Triple bottom line (TBL) is the latest concept that has emerged due to the information's need of the stakeholders about a firm from financial and non-financial aspects. Hubbard (2009) concludes that firms should focus on their main objective of profitability maximization along with social and environmental responsibilities. Therefore, policymakers globally have devised some guidelines for firms to effectively participate in CSR practices to survive in the long term. CSR practices should not only be effectively carried out by firms, but they must be disclosed for accountability purposes. Figure 1 depicts the percentage of firms getting assurance reports for their CSR reports. In 2018 only 19% took the assurance of their CSR activities. The assurance reports improve the reliability of the data disclosed about CSR activities. While many of the previous studies have concluded that social responsibility activities carried out in Thailand are not based on corporate ethics (Foley, Bogue, & Onakuse, 2016; Khuong, Ha, & Thu, 2019; Puangyanee, 2018).

Firms disclose CSR reports voluntarily and these disclosures are offered publicly based on the devised rules of the Global Reporting Initiative (GRI). Firms carrying on CSR practices are appreciated publicly, and these firms are considered ethical in their operations. It is evident that firms effectively practicing CSR have a better image and this impacts their performance positively by the means of share value and revenue growth (Jo, Kim, & Park, 2015; Lins, Servaes, & Tamayo, 2017; Peloza, 2006; Qiu, Shaukat, & Tharyan, 2016; Vogel, 2005; Wiwattanakantang, 2001). Moreover, CSR disclosures are made for an increase in the profitability of firms, but these are not ethical to some extent. It is revealed by other researches that all the CSR disclosures are not based on corporate ethics (Joseph, Gunawan, Sawani, Rahmat, Noyem, & Darus, 2016; Khan, Muttakin, & Siddiqui, 2013; Kuasirikun, 2005). Additionally, Beaudoin, Cianci, Hannah, and Tsakumis (2019) and Potter (2016) explored that many firms disclose the data on CSR and consider it as a success for social good and later on indulge in tax aggressiveness. Through this strategy, management can deceive the stakeholders by making use of CSR reports hiding tax eversions of the firm.

The findings of prior researches have revealed a significant association between CSR practices and tax aggressiveness. Armstrong, Blouin, Jagolinzer, and Larcker (2015) and Gulzar, Cherian, Sial, Badulescu, Thu, Badulescu, and Khuong (2018) have found negative influence between these two variables whilst, Col and Patel (2019) claimed positive findings based on his empirical study.

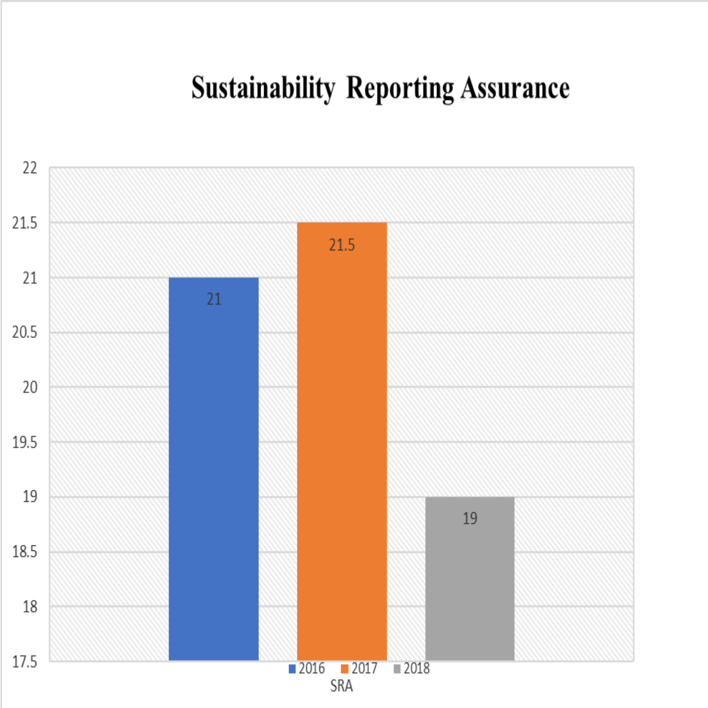

Figure 1: Sustainability Reporting Assurance
Source: (Santoso, Laturette, & Mastan, 2019)

There is no agreement in the literature regarding the impact of CSR reporting on the tax aggression by a firm. Therefore, it highlights that there are other factors as well that are influencing this it influences this association Consequently, the current research has introduced the CSR assurance report as a moderating factor in the association between CSR reporting and tax aggressiveness. Thailand is chosen as a sample from developing economies because it is dependent heavily on tax income but has low state revenue collected from taxes (Khuong, Ha, Minh, & Thu, 2019; Sae-Lim & Jermsittiparsert, 2019). Meanwhile, CSR reporting is popular in the country. Management in the developing economies often entrench shareholders and CSR reporting is used as a strategy to divert the attention of the stakeholders. Therefore, this investigated the association among CSR reporting and tax aggression in the Thailand listed firm. Moreover, for a better understanding of this relationship, this study will also evaluate the moderating role of assurance of sustainability as a moderator.

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2. Literature Review

2.1 Disclosure of Social Responsibility

Corporate ethics is the concept that incorporates social responsibility in operational activities of a firm (Lentner, Szegedi, & Tatay, 2015; Mackey, Mackey, & Barney, 2007; Masoud, 2017; McGuire, Sundgren, & Schneeweis, 1988). Firms engaged in CSR know that environmental and social welfare enhance the shareholders' wealth (Saengchai, Siriattakul, & Jermsittiparsert, 2019). Resultantly, it is true that the financial disclosures of CSR are compulsory to communicate with stakeholders about the firm’s financial and non-financial performance. Moreover, accountability is also essentials whether CSR reporting is based on relevant and reliable information. Therefore, two concepts are emerging in the current modern world, first firms are liable for carrying out there operations need to disclose the data about CSR on the basis of TBL and also get assurance that this data is reliable to meet the stands of corporate ethics (Santoso, Laturette, & Mastan, 2019; Venkatraman & Nayak, 2015). Theories on ethics propose that to comply with stakeholders’ expectations, firms should adopt ethical values (Agyemang & Ansong, 2017; Kantabutra & Thepha-Aphiraks, 2016; Mishra & Suar, 2010; Shin, Thai, Grewal, & Kim, 2017). Firms engaged in these practices have better long-term performance (Santoso et al., 2019). Whereas, TBL is going to be neglected in emerging countries including Thailand (Sinthupundaja, Chiadamrong, & Kohda, 2019). Generally, it is assumed that CSR focuses on environment and society related problems and does not concentrate on financial performance, but financial betterment is also a significant concern. Evidence is there to reveal that CSR reporting influences firm performance and also the overall wellbeing of shareholders, firms can utilize environmental a and social ownership as a tool to create positive image. Therefore, it is suggested that CSR based on corporate ethics must be carried out and legitimized for firms irrespective of financial constraints (Baudot, Johnson, Roberts, & Roberts, 2019). A firm that voluntarily reports its CSR, is recognized as a firm following the corporate ethics. Management may exploit and deceive the stakeholders of the firm, in the name of CSR and may indulge in tax aggression.

Firms are normally engaged in CSR practices to maximize their profitability rather based on ethics. In addition, Firms engage in CSR practices to improve their image as socially responsible firms. In a competitive environment, CSR is viewed as a tool to attain a competitive edge. When reporting CSR, ethics are not under consideration of a firm but the profitability. To fulfil the requirements of stakeholders, social responsibility is used as a tool. Opportunistic management can use CSR reporting to fulfil hidden motives, but these achievements may not be sustainable, and this unethical behavior can’t benefit them in the long run.

2.2 Tax Aggressiveness

The profitability of a firm is significantly influenced by taxation. However, firms will strive to decrease these costs associated with the tax (Santoso et al., 2019). Tax evasion is a common problem around the world. Policymakers must be aware of the fact that tax payment is an obligation and unnecessary relaxations in the taxation system reduce the tax returns and may impact the development projects carried out the governments. Legislature provides certain relaxations and those provisions minimize the amount of tax. Hence these practices are misused by the management for tax evasion, known as tax aggressiveness and result in the violations of tax laws (Hameiri & Jones, 2016; Lanis & Richardson, 2012; Tapang, Onodi, & Jones, 2018).

Accordingly, tax aggressiveness is considered as a non-ethical practice because it is the violation of laws and is an opportunistic behavior (Laguir, Staglianò, & Elbaz, 2015; Mohanadas, Abdullah Salim, & Pheng, 2019; Zeng, 2016). Taxpayers deliberately practice tax aggressiveness for the minimization of tax-related payments and thus violate the taxation laws. Economy bears un-estimated losses due to tax aggression because these practices are non-complaint to laws. There are legal repercussions for the firms indulged in tax aggressiveness globally and this deteriorates

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corporate image. Despite this fact, this phenomenon is still prevalent globally. Tax aggressiveness is prevalent in under developing economies due to week systems of accountability Mohanadas et al. (2019) and lowers interest of stakeholders and this provides a chance for management to practice tax aggressiveness (Baudot et al., 2019).

2.3 Sustainability Report Assurance

Non-credible CSR reports lead to assurance problems. Management under different incentive structure misuses CSR reports. These opportunistic behaviors have put a question mark on the transparency of these disclosures. Reasonable Assurance represents that the CSR reporting was transparent, depicts the true picture of what has been done by a firm for CSR and is highly relevant for the stakeholder to take decisions. An independent party overviews these disclosures through assurance measures and this will put a barrier to managers' misrepresentation. An assurance on CSR reports bifurcates the ethical disclosures and fraudulent behaviors. CSR reports are scrutinized just like an audit and it is carried out by independent experts pertaining to relevant expertise.

2.4 Hypothesis Development

Previous research explored that CSR reports are not always complied on the basis of corporate ethics. The CSR reports disclosed by the firms are used to manipulate the tax payments for the achievement of hidden motives of firms. Firms usually report CSR to cover unethical practices like tax aggressiveness. In the countries, where protection of shareholders rights are weak is a leading cause of CSR related manipulations (Peloza, 2006). Moreover, Richardson, Wang, and Zhang (2016) concluded that firms engaged in tax aggressiveness were effectively inclined towards CSR reporting. While, findings by Kanagaretnam, Lee, Lim, and Lobo (2016) and Santoso et al. (2019) suggest that tax aggressiveness and social responsibility are negatively associated. Therefore, the following hypothesis is based on these arguments:

Hypothesis 1: there is a negative and significant relationship between CSR reporting and tax aggressiveness.

Some factors may influence the association among CSR reporting and tax aggressiveness. Santoso et al. (2019) proposed that firm's current and future financial performance influences the association between CSR and tax aggressiveness, whilst Baudot et al. (2019) concluded that information asymmetry is decreased by the assurance of CSR reports. Firms interested in assurance practices are interested in the validation of these disclosures by an independent person or a firm. Firms interested in CSR reporting are also interested in the credibility of these disclosures. These credible reports can mitigate the problem of opportunist management and tax aggressiveness. Tax aggressiveness is an unethical practice and harms the reputation of the firm. Given hypothesis is based on these arguments above:

Hypothesis 2: The assurance can moderate the association among CSR reports and tax aggressiveness.

3. Research Method

This sample of the study is 116 quoted firms on Thailand Capital Market (TCM) based on five years data consisting 580 observations. The sample is very small in size because of the non-availability of data related to CSR practices. The study considered only firms that have completed data over 5 years period for every variable in the study. CSR disclosure is operationalized on the basis of the index, established through the GRI G4 index. GRI issued G4 guidelines (2013) and GRI standards (2016). Based on the theses two guidelines, the disclosure index is established to operationalize CSR disclosures. The tax aggressiveness is operationalized on the basis of income tax divided by the profit before tax. While the assurance of CSR reports is operationalized as a dichotomous variable, 1 for the firm's that have assurance report on CSR, otherwise, 0. The firm's specific factors are also introduced as control variables, firm size, financial gearing, profit,

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capital intensity ratio, and industry dummies (Hameiri & Jones, 2016; Laguir et al., 2015; Mohanadas et al., 2019; Tapang et al., 2018; Zeng, 2016).

The regression model developed to test the hypotheses are given below. Model 1 is used to test hypothesis H1, while model 2 is used to test hypotheses H2:

$$TA_{it}=\beta 0 + \beta 1CSR_{it} + \beta 2FS_{it} + \beta 3FG_{it} + \beta 4ROA_{it} + \beta 5CIR_{it} + \beta 6IND_{it} + \varepsilon_{it} \quad \textbf{(Model 1)}$$

Where,

TA_{it}= Tax aggressiveness at the year t and firm i,
FS_{it}= Natural logarithm of total assets at the year t and firm i,
CSR_{it}= Corporate social responsibility score at the year t and firm i,
FG_{it}=Ratio of total debt over total assets at the year t and firm i,
ROA_{it}= Return on assets at the year t and firm i,
CIR_{it}= Capital intensity ratio at the year t and firm i,
IND_i = Industry dummies at the year t and firm i,

$$TA_{it}=\beta 0 + \beta 1CSR_{it} + \beta 2CSRA_{it} + \beta 3CSRA_i{*}CSR_{it} + \beta 4FS_{it} + \beta 5FG_{it} + \beta 6ROA_{it} + \beta 7CIR_{it} + \beta 8IND_{it} + \varepsilon_i \quad \textbf{(Model 2)}$$

Where

TA_{it}= Tax aggressiveness at the year t and firm i,
CSR_{it}= Corporate social responsibility score at the year t and firm i,
$CSRA_{it}$= Corporate social responsibility assurance at the year t and firm i,
$CSRA_i{*}CSR_{it}$= The interaction among Corporate social responsibility score and corporate social responsibility assurance at the year t and firm i,
FS_{it}= Natural logarithm of total assets at the year t and firm i,
FG_{it}=Ration of total debt over total assets at the year t and firm i,
ROA_{it}= Return on assets at the year t and firm i,
CIR_{it}= Capital intensity ratio at the year t and firm i,
IND_i = Industry dummies at the year t and firm i,

4. Result and Discussion

The descriptive statistics of the sample are presented in Table 1.

Table 1
Descriptive statistics

	N	Mean	Median	Std. Dev.
Continuous Variables				
TA	580	0.183	0.194	0.1540
CSR	580	0.5236	0.4732	0.2576
SIZE	580	18.7978	18.9028	2.7692
FG	580	0.235	0.247	0.507
ROA	580	0.105	0.1008	0.1064
CIR	580	0.8344	0.9198	0.3136
Dummy variable		1 (%)	0 (%)	
CSRA	580	145 (25%)	435 (75%)	

TA has a mean (median) of 0.183 (0.194). The income tax rate for the quoted firms is currently at 20%. in Thailand. The average tax rate found in the sample is lowest than the 20% that highlights tax aggressiveness. On the CSR variable, the observations show that the mean (median) is 0.5236 (0.4732). The control variable, firm size has a mean (median) of 18.7978 (18.9028), financial gearing has a mean (median) of 0.235 (0.247), ROA has a mean (median) of 0.105 (0.1008), and CIR has a mean (median) of 0.8344 (0.9198) whereas, for the CSRA, the dichotomous variables, only 145 firms (25%) have assurance report in the sample firms.

Table 2 presents the correlation between all variables; the independent variables are correlated with the dependent variable at 1% significance level except CSR that is significant at 5%. The highest correlation lies between FS and CSRA (0.69). If the correlation among independent variables is below, there is the absence of multicollinearity among them as specified by Hair, Bill, Barry, and Anderson (2006).

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Table 2
Correlation Matrix

	TA	CSR	FS	FG	ROA	CIR	CSRA
TA	**1**						
CSR	-0.0984**	1					
FS	-0.0384	0.252*	1				
FG	-0.36*	-0.1476**	0.1164**	1			
ROA	0.2616*	0.0708	-0.0084	-0.3012*	1		
CIR	-0.3	-0.0624	0.5268*	0.2568*	0.1956*	1	
CSRA	0.1056*	0.354*	0.6948*	-0.0372	0	0.137	1

Significance level (0.01,0.05**,0.10***)*
TA= Tax aggressiveness, **CSR**= Corporate social responsibility score, **FS**= Natural logarithm of total assets, **FG**=Ratio of total debt over total assets, **ROA**= Return on assets, **CIR**= Capital intensity ratio, **CSRA**= Corporate social responsibility assurance

It is compulsory to perform some diagnostic test in the panel data set before performing the multivariate regression analysis. Results of the diagnostic tests are provided in Table 3.

Table 3
Wooldridge test for Auto Correlation

	Model 1	Model 2
F (1, 200)	23.79	24.76
Probability > F	0.000	0.000

Cook-Weisberg Test for Heteroskedasticity

	Model 1	Model 2
Chi^2	1470.45	1762.34
Probability > Chi^2	0.000	0.000

The value of Chi^2 for Wooldridge test 23.79 and 24.76 for Model 1 and 2 respectively and the p-value is less than 1% significance level. If the p-value is less than 5%, data is suffering from autocorrelation. The value of Chi^2 for Cook-Weisberg test is 1470.45 and 1762.34 respectively and the p-value is less than 1% significance level. Similarly, if the p-value is less than 5% then the presence of heteroskedasticity is confirmed. Afterwards, Lagrange Multiplier (LM) is performed to select between the pooled OLS or random-effect (RE) model. Findings in Table 4 presents that, Chi^2 value is 2788.35 and 2456.89 and the p-value is less than 1 % significance level. The significant findings from this test show that pooled OLS is not appropriate for panel data of the current study(Baltagi, 2005; Greene, 2012; Gujarati, 2003).

Table 4
Breusch and Pagan Lagrange Multiplier Test for Random-Effects vs Pooled Effect

	Model 1	Model 2
Chi2	2788.35	2456.89
Probability > Chi2	0.00	0.000

Hausman specification test (1978) is conducted after the LM test to find appropriate regression methods from random and fixed effect model (FE) as specified by (Baltagi, 2005; Greene, 2012; Gujarati, 2003). Based on findings provided in Table 5 below, the value of Chi^2 is 947.60 and 989.37, and the p-value is less than 1% significance level. The significant p-value suggests that the FE model is the right choice for regression.

Table 5
Hausman Specification Test for Random-Effects vs Fixed-Effects

	Model 1	Model 2
Chi^2	947.60	989.37
Probability> Chi^2	0.00	0.00

Additionally, De Hoyos and Sarafidis (2006) recommended that the FE model should be check for cross-sectional (CSD) because the existence the CSD in the panel data sent invalidate the statistical findings. De Hoyos and Sarafidis (2006) suggested Friedman (1937) test for FE model. The results of Friedman (1937) tests are given in Table 6 below.

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Table 6
Friedman test for Cross-Sectional Dependence

	Model 1	Model 2
Friedman's test of CSD	97.34	92.56
Average absolute value of the off-diagonal elements	0.62	0.67
Probability	0.00	0.00

The value of Friedman's test is 97.34 and 92.56, respectively, with the corresponding average absolute value of off-diagonal elements at 0.62 and 0.67. The result of Friedman (1937) based on the significant p-value<0.01 for both models shows the existence of CSD in panel data set. The average absolute correlations, 0.62 and 0.67 are also very high. Significant p-value the high value of off-diagonal item suggests that the data is suffering from CSD. To deal with the problems of CSD, autocorrelation and heteroskedasticity, Parks (1967) suggest a regression method know as Feasible Generalized Least Squares (FGLS). Therefore this study will use the FGLS method of regression for multivariate regression analysis, consistent with prior studies (Baudot et al., 2019; Toukabri, Jilani, & Jemâa, 2014).

4.2 Results for Regression

Finally, findings of the multivariate regression analysis are presented in Table 7, the results show that the relationship among CSR and TA is significantly negative (β =- 0.0651, $p < 0.05$), therefore, H1 is supported. The negative and significant findings present that, if the CSR disclosure by firms is increased, consequently it will reduce the tax aggression practices. Findings are consistent with studies which, the firms are active in CSR activities, tries to reduce the effective cost of taxation through tax aggression (Agyemang & Ansong, 2017; Baudot et al., 2019; Kantabutra & Thepha-Aphiraks, 2016; Mishra & Suar, 2010; Richardson et al., 2016; Shin et al., 2017). In the context of Thailand, the tax process and investor's safety is very weak, along with this, managerial manipulations practices are difficult to reduce. Consequently, the firms use CSR reporting as a tool to balance tax aggression by firms. This issue raises concern about the ethical practices of Thailand's firms, and it is an emergent need to improve CSR reporting practices in Thailand to improve the tax issues because it is the main source of government's revenue worldwide including Thailand.

With respects to H2, the findings show that the assurance negatively moderates the association among CSR reporting and TA, CSRA*CSR (β=-0.092, $p<0.10$), supporting H2. The original relationship shows that the increase in CSR reporting will decrease the tax aggression, where the assurance will make it more negative, means it this factor will help to reduce the tax aggression practices by firms. Actually, assurance enhances the reliability of reports (Santoso et al., 2019; Venkatraman & Nayak, 2015), naturally when CSR reports needs to be assessed by the independent third party, the firms may not be able to manipulate the CSR reporting. Firms are always concerned about its image in the market, therefore, assurance of CSR reports can help them to improve image, firms realize that the positive image can compensate the firms in the long run in terms of profitability (Kuasirikun, 2005). Finally, it can be concluded that the assurance report is a very important variable in the context of Thailand because it improves the tax aggressiveness by firms. Moreover, assurance confirms that the information available in the market is based on true facts and figures.

Table 7
Multivariate Regression Analysis Based on FGLS

Variable	Equation 1 Coeff. (t-stat)	Equation 2 Coeff. (t-stat)
CSR	-0.0651** (-2.10525)	-0.04935*** (-1.4259)
CSRA		0.07035** (-2.15985)
CSRA*CSR		-0.0966*** (-1.41855)
FS	0.0042 -1.13715	0.00105 (-0.3003)
FG	0-.0102* (-5.23635)	-0.0105* (-5.25)
ROA	0.1827** (-2.69535)	0.1932* (-2.8686)
CIR	-0.084**	-0.0735**

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	(-2.61975)	(-2.3163)
Industry Dummy	Included	Included
F Statistics	6.30735*	5.92305*
Adj R^2	0.1911	0.20055

Significance level (0.01,0.05**,0.10***)*

TA= Tax aggressiveness, **CSR$_{it}$**= Corporate social responsibility score, **CSRA**= Corporate social responsibility assurance, **CSRA*CSR**= The interaction among Corporate social responsibility score and corporate social responsibility assurance, **FS**= Natural logarithm of total assets, **FG**=Ratio of total debt over total assets, **ROA**= Return on assets, **CIR**= Capital intensity ratio, **IND** = Industry dummies

5. Conclusion, Practical Implications, Limitations and Recommendations for Future Research

5.1 Conclusion

This investigation aims to analyze the moderating impacts of assurance on CSR reporting and tax aggressiveness. Outcomes of the research provided empirical evidence that CSR and tax aggressiveness have a negative relationship but assurance on CSR makes this relationship more negative. Their results further infer that firms meeting the higher standards of CSR reporting, it results in lower tax aggression shown by the sample firms, whereas, the existing negative relationship is negatively and significantly moderated by the assurance of CSR reporting. This highlight the importance of assurance reporting; CSR reporting is helpful in reducing tax aggression in Thailand, but the assurance is another factor that can further influence this relationship. Overall, the assurance of CSR reporting is very good practice for the wider interests of the society, especially to save investors interest by disclosing the information that is relevant and reliable.

5.2 Practical Implications

This research offers some unique practical implications for the policymaker's point of view. First, policymakers, especially in developing countries, need to be careful in understanding the incentive structure under which, a firm is disclosing CSR reporting. On one hand, CSR reporting may show that the firm is interested in fulfilling its social obligations, but on the other hand, it is not necessarily that firms are disclosing for social good, actually, they are involved in mall practices related to tax aggressiveness and may be managerial manipulations. In that case, if the incentive structure is based on manipulations and tax evasion then it is an alarming situation for the policymakers. Therefore, regulators need to encourage standardization in the CSR reporting and motivate the firms that the disclosure is made. The policymaker should think on the issue of assurance that the assurance of CSR reporting should be compulsory like a financial audit for listed firms. The results of this study indicate that assurance can be an indicator that will make sure that the CSR disclosure offered by a listed firm is transparent and trustworthy. Therefore, the regulator should focus more on assurance issue of CSR reporting to cater the interest of the stakeholders. Moreover, tax is the main source of revenue for the governments to run an economy, therefore, if firms are using CSR to manipulate tax payments as evident from the results then the government is directly affecting. Therefore, policymakers in Thailand should introduce obligatory disclosures for firms with respect to CSR and focus on the issue of taxation as well to avid the loss in tax revenues.

Limitations and Directions for Future Research

This study also suffers from several biases. First of all, the context of this study is Thailand. The economic and legal environment of Thailand is different from other developing countries, naturally, it highlights the issue of generalization like other researches. The theoretical model of this research should be evaluated in the countries with different legal, and economic context as compared to Thailand. Moreover, this study uses tax aggression as a dependent, whereas it was highlighted in the findings, the incentive structures under which a company is doing tax aggression is not known. Therefore, future studies should focus on investigating the factors which motivated managers to do tax aggression. The current study used assurance as a moderator, future studies should also focus on the other factor that can act as moderators, such as earnings management (real earnings management and accrual-based earnings management) and financial performance. This study used non-financial firms and ignored the financial sector. Therefore, this model should be tested for the financial firms especially banks and insurance companies. Furthermore, this study was based on quoted firms, whereas this model should be tested for the private firms which are offering such disclosures.

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