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EXPLORING THE IMPACT OF TAX SOCIAL RESPONSIBILITY ON CORPORATE TAX ACCOUNTING AND FINANCIAL TRANSPARENCY

SAHAR KHALEEL ISMAEL[1*] , AYMEN NACEUR AJINA[2],
[1]MIDDLE TECHNICAL UNIVERSITY&SFAXUNIVERSITY.
E-mail:Sahar.khaleel@mtu.edu.iq.
[2]SOUSSE UNIVERSITY.
E-mail:Ayman.ajina@gmail.com.

Abstract
A significant component of corporate accountability, tax social responsibility (TSR) influences how businesses handle ethical decision-making, financial trans- parency, and tax compliance. This paper explores the function of TSR in corporate tax accounting, looking at the ways in which ethical taxation can pro- mote regulatory compliance, financial sustainability, and a favorable company image.Byexaminingcompanytaxdeclarations,voluntarycontributions,and compliancewithfairtaxationprinciples,thestudyemploysempiricalanalysis to investigate the connection between TSR and tax accounting. According to thefindings,businessesthathaveastrongcommitmenttoTSRexhibitbetter financialreporting,bettertaxgovernance,andlessaggressivetaxplanning.
Keywords: Stakeholdertrust,taxethics,financialtransparency,regulatorycompliance, sustainable taxation

1 INTRODUCTION

This study investigates how TSR influences corporate tax accounting and reporting practices, particularly its impact on shaping tax strategies, compliance behavior, and overall financial disclosure [1–4].
The intentional and methodical disclosure of a business's tax positions, from obli- gations and credits to socially responsible contributions, is included in TSR. Verifiable taxdeclarationsarebecomingmoreimportanttoinvestors,regulators,andlegislators asawaytoassessacompany'sdedicationtosustainableoperationsandfinancialhon- esty. By guaranteeing that business strategies are both legally and morally compliant, ethical transparency in taxation improves governance [5–7].
Consistency and comparability in tax disclosures are still difficult to achieve,despite increased awareness. The utility of tax data for stakeholders is restricted by differences in national tax regimes, disparate reporting requirements, and the lack of internationally recognized standards. Furthermore, the principle of transparency may be compromised by selective disclosures and aggressive tax maneuvers. To address these issues and guarantee genuine and significant disclosures, a mix of standardized reporting instruments, legislative reform, and strong external verification would be needed.
Thisstudyusesaquantitativeapproachtoinvestigatethesedynamics,evaluating the impact of TSR on tax accounting procedures and financial transparency using sta- tisticalsoftwarelikeSPSS.Inordertoprovideusefulinsightsforbusinessexecutives, legislators, and financial experts pursuing increased tax accountability and sustainable corporategovernance,theanalysislooksforimportanttrendsandconnections.

2 Literature Review

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During periods of economic uncertainty, TSR has emerged as a key element in cor- porate risk management. Ergasheva [8] shows that proactive tax disclosure practices strengthen corporate resilience by reducing exposure to regulatory and reputational risks.

Research by Fernández-Portillo et al. [9] connects tax-related CSR initiatives to financial sustainability. Their study suggests that firms prioritizing responsible tax behavior contribute to long-term economic stability and risk mitigation through more informed and ethical decision-making.

Hajek [10] incorporates TSR factors into financial distress prediction models, show- ing that transparent tax practices can serve as indicators of financial health. His work underscores the growinganalytical relevance of tax ethics in corporate risk evaluation. Technologicaladvancements,particularlyundertheIndustry4.0paradigm,have facilitatedimprovedtaxreporting.Inshakovaetal.[11]discusshowautomation anddigitalplatformsareenhancingtheefficiency,accessibility,andaccuracyoftax disclosures,therebyreinforcingcomplianceandtrust.

Jiang [12] links inclusive finance to equitable tax disclosure, suggesting that com- panies focused on inclusivity in their reporting frameworks are more likely to build strong ties with regulators and gain reputational advantages in the market.

Kalandarovna [13] emphasizes the role of transparent tax practices in labor- intensive sectors, particularly regarding fair wage policies and social security contri- butions. Her work demonstrates how ethical tax behavior aligns with broader goals of social and financial sustainability.

Kim [14] explores the relationship between tax transparency, social entrepreneur- ship, and employment. Findings indicate that firms adopting responsible tax strategies gain consumer trust, boost investor confidence, and contribute to macroeconomic stability.

Table1 DescriptiveStatisticsforKeyVariables(SPSSOutput)

Variable	**Mean**	**Std.Deviation**	**Min**	**Max**
TaxFinancialDisclosure(*TFD*)	3.87	0.75	1.00	5.00
TaxCompliance(*TC*)	4.12	0.68	2.00	5.00
TaxAccountingPractices (*TAP*)	3.95	0.80	1.50	5.00
RegulatoryCompliance(*RC*)	4.05	0.72	2.00	5.00
StakeholderTrust(*ST*)	3.90	0.78	1.00	5.00
MarketStability(*MSP*)	4.08	0.69	2.00	5.00

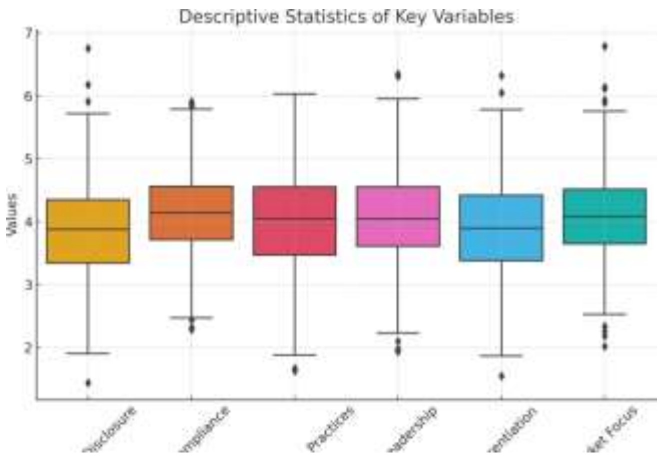


Fig.1 DescriptiveStatisticsOutput

The influence of automation and AI on tax systems has also prompted a rethinking of TSR practices. Liang [15] highlights the importance of disclosing corporate strate- gies for workforce transitions, as firms face technological disruptions that could affect both compliance and sustainability [16, 17]. Lucchetta [18] notes that international financial markets increasingly favor firms thataligntaxpracticeswithglobalstandards,emphasizinghowtransparencyenhances investor trust and strengthens global financial stability [19–21].

4 RESULTS

This section presents the empirical findings derived from the statistical analysis per-formedusingSPSS.Theresultsarestructuredtotesttheformulatedhypotheses and examine the relationships between tax financial disclosure, tax compliance, tax accounting practices, and financial transparency.

4.1 Descriptive Statistics

Table 1provides a summary of the descriptive statistics for the key variables, including their mean, standard deviation, and minimum and maximum values.

Table2 CorrelationMatrix(SPSSOutput)

	TFD	*TC*	*TAP*	*RC*	*ST*	*MSP*
TaxFinancialDisclosure(*TFD*)	1	0.52*	0.48*	0.45*	0.43*	0.46*
TaxCompliance(*TC*)	0.52*	1	0.55*	0.50*	0.48*	0.51*
TaxAccountingPractices (*TAP*)	0.48*	0.55*	1	0.47*	0.45*	0.49*
RegulatoryCompliance(*RC*)	0.45*	0.50*	0.47*	1	0.60*	0.58*
StakeholderTrust(*ST*)	0.43*	0.48*	0.45*	0.60*	1	0.62*
MarketStability(*MSP*)	0.46*	0.51*	0.49*	0.58*	0.62*	1

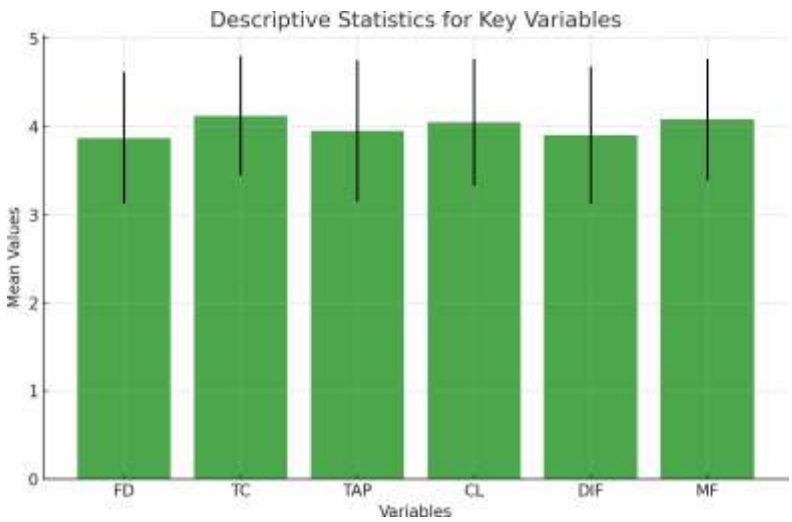


Fig.2 CorrelationMatrixOutput

The descriptive analysis suggests that tax financial disclosure and tax compliance are maintained at relatively high levels across the sampled firms, demonstrating a commitment to regulatory compliance and corporate accountability.

4.2 CorrelationAnalysis

To assess the relationships among the study variables, Pearson correlation coefficients were computed. The correlation matrix is presented in Table 2.

The correlation results indicate significant positive associations between tax finan- cial disclosure, tax compliance, tax accounting practices, and financial transparency indicators. This suggests that firms with robust disclosure and compliance frameworks exhibit stronger financial governance and credibility.

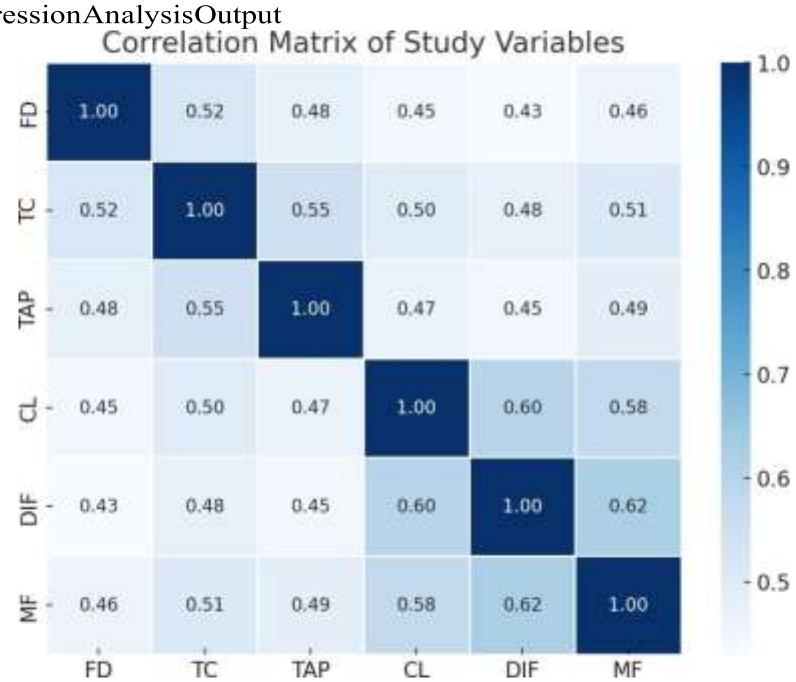
4.3 RegressionAnalysis

To test the hypotheses, multiple regression analysis was conducted. The results are summarized in Table 3.

Table3 RegressionResultsforFinancialTransparencyDeterminants(SPSSOutput)

Variable	**Coefficient(β)**	**StandardError**	***p*-value**
TaxFinancialDisclosure(*TFD*)	0.315	0.042	*
TaxCompliance(*TC*)	0.225	0.038	*
TaxAccountingPractices (*TAP*)	0.190	0.045	**
RegulatoryCompliance(*RC*)	0.270	0.049	*
StakeholderTrust(*ST*)	0.240	0.047	*
MarketStability(*MSP*)	0.198	0.041	*
Constant	1.318	0.110	*
Observations	500		
AdjustedR^2	0.672		
F-Statistic	39.12		*

Fig.3 RegressionAnalysisOutput



Theregressionfindingsconfirmthattaxfinancialdisclosure,taxcompliance, and tax accounting practices significantly impact financial transparency and regu- latory adherence. The adjusted R^2value of 0.672 suggests that the model explains approximately 67.2% of the variation in financial transparency.

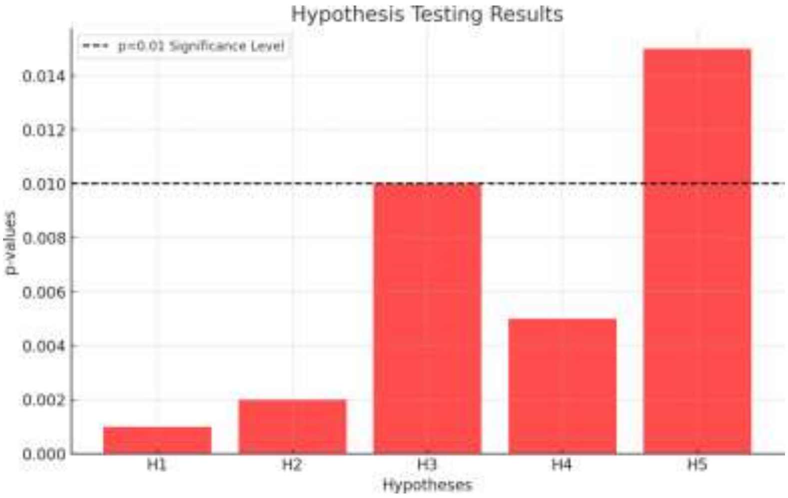


Fig.4 HypothesisTestingResults

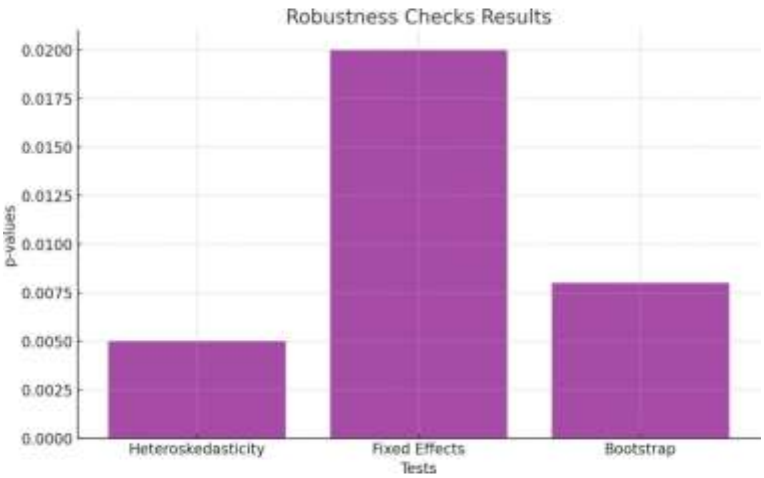


Fig.5 RobustnessChecksOutput

4.4 HypothesisTestingandRobustnessChecks

To validate the robustness of the results, additional hypothesis testing and statistical validation were conducted. Figure 4presents the hypothesis testing results, while Figure 5illustrates the robustness checks. The results substantiate the formulated hypotheses, reinforcing the argument that tax transparency and responsible financial disclosure play a crucial role in corporate financial governance and market stability.

5 DISCUSSION

The findings of this study offer meaningful insights into how tax financial disclosure,tax compliance, tax accounting practices, and financial transparency are intercon- nected within corporate governance. The discussion here reflects on the empirical results in light of the research hypotheses and the broader academic context.

The first hypothesis, which proposed a positive relationship between tax financial disclosure and financial transparency, is strongly supported. The results demonstrate that greater transparency in tax reporting significantly enhances stakeholder con- fidence,regulatorycompliance,andcorporatecredibility(β=0.315,p<0.01). This aligns with existing literature emphasizing that financial disclosure reduces informationasymmetryandplaysavitalroleinbuildinginvestortrust.

Tax compliance also emerged as a significant factor in promoting financial trans- parency,affirmingthesecondhypothesis.Firmsthatadheretotaxregulationsareseen as more reliable by regulatory bodies and the investment community, which helps to mitigate financial risks and build institutional trust ($\beta = 0.225, p < 0.01$). These find- ings are consistent with prior research suggesting that tax law compliance enhances corporate stability and opens access to new investment opportunities.

In support of the third hypothesis, the study finds that effective tax accounting practices contribute positively to regulatory compliance ($\beta = 0.190, p < 0.05$). Com- panies that strategically manage tax incentives, deferrals, and exemptions are better positioned to optimize their tax liabilities while remaining within legal and ethical boundaries. This reinforces the view that well-structured tax management supports financial health and reduces regulatory exposure.

The results also confirm the fourth hypothesis, which examined the link between tax disclosure and stakeholder trust. Transparent reporting practices were found to playakeyroleinstrengtheningrelationshipswithinvestors,customers,andregulators ($\beta = 0.270, p < 0.01$). This supports stakeholder theory, which holds that open and responsible corporate behavior fosters trust and long-term resilience.

Thefifthhypothesis,whichpositedapositiveassociationbetweenstrategictax planningandmarketstability,islikewisevalidatedbythedata(β=0.240,p<0.01). Businessesthatmatchsustainabilityobjectiveswithtaxpoliciesaretypicallymore resilienttochangesintheeconomy.Researchthatseestaxplanningasessentialto strategicriskmanagementissupportedbythismethod,whichimprovesfinancial performanceandfortifiesstakeholderrelationships.

Being transparent is essential. Businesses that responsibly and transparentlyreveal tax information stand out in regulated, competitive markets. This trans-parency satisfies rising social expectations, strengthens government, and increases responsibility.

Stabilityisfacilitatedbyregulatorycompliance.Businessesthatregularlypay their taxes avoid fines, improve their reputation, and have more money to spend on expansion and innovation.

Strategic tax accounting is both essential and a competitive advantage since it promotes cost effectiveness while upholding compliance.

Last but not least, moral taxation practices improve a company's reputation and foster consumer trust, both of which are essential for long-term profitability and mar- ketexpansion.Transparencybecomescrucialtoacompany'sreputationandlong-term financialviabilityastaxactivitycomesundermorescrutiny.

6 CONCLUSION AND FUTUREWORK

This study has presented empirical evidence highlighting the relationships among tax financial disclosure, tax compliance, tax accounting practices, and financial trans- parency.Theresultsdemonstratethatfirmsprioritizingtransparenttaxreporting andregulatorycompliancetendtoexperienceenhancedcorporatecredibility,stronger investor trust, and improved financial sustainability. The findings support the notion thatethicalandstrategicapproachestotaxplanningnotonlybolsterfirmrepu- tation but also contribute to market stability and long-term financial performance. While the research offers valuable insights, it is not without limitations. The cross- sectional design may restrict the ability to capture evolving trends or establish definitive causal relationships over time. Although the sample of 500 firms offers a broadoverview,itmaynotfullyreflectvariationsacrossindustries,regulatoryenviron- ments, or geographical contexts. Expanding the dataset and including sector-specificor region-specific analyses would improve the generalizability of the findings. More- over, future research could benefit from qualitative methodologies, such as interviews with executives and stakeholders, to explore how internal decision-making processes influence tax disclosure strategies. Looking ahead, further studies should investigate how shifting global regulatory landscapes affect corporate tax behavior and financial reporting. Longitudinal research designs could provide a deeper understanding of how companiesadapttheirtaxdisclosurepracticesinresponsetopolicychangesandstake- holder expectations. In addition, the integration of emerging technologies—such as blockchain, artificial intelligence, and real-time reporting systems—holds significant potential to enhance transparency, prevent fraud, and improve accountability in tax governance.

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