Received 11 August 2022
Revised 21 March 2023
Accepted 13 April 2023

The effect of income and expense shifting on the corporate income tax evasion

Sabina Kołodziej
Kozminski University, Warszawa, Poland
Ewa Wanda Maruszewska
University of Economics in Katowice, Katowice, Poland, and
Małgorzata Niesiobędzka
University of Bialystok, Bialystok, Poland

Abstract

Purpose – This paper aims to present a study on the effect of income and expense shifting on the corporate income tax evasion – an example of intentional noncompliance practiced by tax agents. The authors expected that the tool used would differentiate the extent of understatement of tax liability.
Design/methodology/approach – Two experiments were conducted in which young (N = 62) and experienced (N = 68) tax agents read a scenario placing them in a position of an employee responsible for tax planning and calculations of tax liabilities. The respondents' task was to decide about the extent of the tax liability understatement using income or expense shifting.
Findings – Research demonstrated significantly higher extent of corporate income tax understatement when using income shifting compared to expense shifting in case of experienced tax agents (Study 2) and on tendency level among young tax agents (Study 1).
Research limitations/implications – Results of the studies might be of interest to managers paying attention to tax procedures within the company, governmental agencies investigating corporate tax evasion, as well as educators responsible for tax agents' initial training and lifelong learning.
Originality/value – This study concentrates on tax agents who are employed in companies and corporate income tax evasion, which has not been analyzed in the literature so far.

Keywords Tax evasion, Domain knowledge, Income shifting, Expense shifting
Paper type Research paper

Introduction

In the sixties of the 20th century, Hoffman (1961) developed the theory of tax planning according to which there is a link between a taxpayer's capacity to arrange her financial activities in such a manner as to suffer a minimum expenditure for taxes and tax evasion. Tax evasion is fraudulent because it connotes the misrepresentation or omission of key financial data. Hoffman and successive authors (e.g. Wurth & Braithwaite, 2016; Kang, 2018) state that tax practitioners can face situations with doubtful solutions mainly due to ambiguous tax law (Carnes & Cuccia, 1996; McKerchar, 2005) and because of their clients' expectations (LaRue & Reckers, 1989; Doyle, Huges, & Summers, 2013; Tan, 2014). Subsequent papers drawing from

The authors gratefully acknowledge the financial support from the Kozminski University, Poland. The authors are thankful to anonymous reviewers as well as the journal editor for their insightful and constructive suggestions that helped to strengthen the contribution.

Central European Management Journal
Vol. 31 No. 3, 2023
pp. 364-373
Emerald Publishing Limited
e-ISSN: 2658-2430
p-ISSN: 2658-0845
DOI 10.1108/CEMJ-08-2022-0091

the theory of tax planning predominantly focused on individual taxpayers (e.g. Hite & McGill, 1992) and personal income tax investigating the decision-making process between the individual taxpayer (the client) and the tax professional. In the literature, we find two groups of studies devoted to this topic. First, researchers identify factors affecting the decision to engage in tax evasion (the financial self-interest model), which are the tax rate together with the perceived probability of detection of the reporting irregularities and the inevitability together with the amount of a penalty (e.g. Carnes & Englebrecht, 1995). Next, scholars examine individual factors – apart from economic calculations – as determinants of tax compliance decisions (expanded models including noneconomical variables). Despite the broad research of both the abovementioned study groups, researchers devoted very little attention to companies and tax agents responsible for tax planning as employees accountable for tax calculations. On the one hand, the relation between a tax professional employed by a company for which he arranges tax planning and an employer (a company represented by the supervisor of the employee) is similar to the relation between a self-employed tax professional and his client (representing a separate company being a taxpayer). On the other hand, there are some differences such as little or no independence of the tax professional (hired in a company) from his supervisor or the impossibility of only advising the executive and letting the executive make his decision due to the scope of employees' (tax professional) key duties and responsibilities. Hence, it becomes necessary to deeply examine factors adherent to employee (tax agent) and employer relations in the domain of corporate income tax. It seems important as the vast majority of the government's tax revenues, including taxes based on companies' profits, are collected from or by companies. Moreover, tax professionals employed in certain entities bear the responsibility of not only calculating the corporate income tax of these entities, but also determining and paying of personal income tax of their employees (Joulfaian, 2000) indicating the importance of potential tax evasion, legal entity liability and individual responsibility of the employee.

Prior research examined many individual, cultural and organizational determinants of tax evasion, among them age, gender, clients' risk, tax practitioners' moral reasoning and reputational loss (e.g. Spilker, Worsham, & Prawitt, 1999; Kadous & Magro, 2001; Doyle *et al.*, 2013; Wurth & Braithwaite, 2016). In our research, we indicate the importance of tax agents' domain knowledge, which is much more advanced compared to the individual taxpayer's understanding of tax calculations. Our study investigated income and expense shifting that might be used for understatement of a company's taxable profit. Tax agents can shift incomes or expenses between tax periods based on domain knowledge. Thanks to a thorough comprehension of tax law, tax agents can differentiate two similar but not identical tools: income shifting and expense shifting. Both tools – income and expense building on the taxable profit – are elements of the simple equation: (incomes minus expenses equals profit). However, being aware of subtle differences between them, tax agents may perceive each of them differently.

We investigated the effect of income and expense shifting on corporate income tax evasion, which is an example of intentional noncompliance practiced by tax agents. To our knowledge, previous research has not addressed this factor. Our study is universal in terms of encompassed corporate income tax mechanism as we used a tax calculation formula (incomes minus expense) at a level sufficiently detailed to be able to make tax decisions but at the same time only at a level general enough so that it did not refer to detailed solutions specific to individual countries. Thus, introducing this perspective in our study might be of interest to those investigating corporate tax evasion decisions like governmental agencies that develop tax law and tax audit practices aimed at detecting income and expense shifting. Furthermore, results of this research may prove important for managers responsible for tax procedures within the company if they want to ensure the tax security of the companies they are accountable for. Moreover, our research provides practical implications for future tax agents' initial training and lifelong learning for educators.

This article consists of six sections. In the next section, we will present the role of tax agents advising their clients on tax compliance decisions. Then, we will introduce the term "domain knowledge" and describe its relation to tax compliance/evasion. Next, we will present the hypothesis formulated based on the above literature review. The article's empirical part will begin with a description of the experimental design. Finally, we will discuss the study, present its practical implications and name its limitations.

The role of tax agents in tax compliance decisions

Psychological research on tax compliance predominantly analyzes decisions by individual taxpayers in the context of the annual tax return. In many countries, tax payments are based on the self-assessment of taxpayers, therefore, in studies on such cases, the decision to comply, avoid or evade taxes is linked to taxpayers' knowledge, motivation, attitudes and morale (Eriksen & Fallan, 1996; Kirchler, 2007; Kastlungen, Lozza, Kirchler, & Schabmann, 2013). Research has shown that psychological factors can significantly modify taxpayers' willingness to pay their tax liabilities. This approach complements the economic analyses made in accordance with the Allingham-Sandmo tax evasion model (1972), in which compliance depends on the perceived probability of detection, the tax rate and the evasion penalty.

However, in many situations, the individual taxpayer does not make the compliance decision by herself. The growing complexity of the tax system elevated the role of the tax agent who accompanies the taxpayer in compliance with tax obligations. Borrego, Mota Lopes, and Santos Ferreira (2012) claim two major lines of studies on the relationship between taxpayers and tax agents, i.e. the role of tax agents in taxpayers' perspective and the consequences of hiring a tax agent in terms of increase or decrease in tax compliance. Research on the motivation behind hiring tax agents demonstrated their significant role in navigating tax complexity, encompassing elements such as ambiguity and uncertainty. Taxpayers are interested in correctly filing tax returns, so tax agents help to reduce the uncertainty level connected to the annual tax return (Murphy & Byng, 2002; Sakurai & Braithwaite, 2003; Borrego *et al.*, 2012). Sakurai and Braithwaite's study (2003) on Australian taxpayers showed three different dimensions underlying taxpayers' perception of their idealized tax practitioners. Respondents assigned the highest priority to *low-risk, no-fuss* practitioners who instills confidence that tax matters are under control and the taxpaying process is lawful. Some taxpayers look for tax practitioners who avoid conflicts and are sophisticated about opportunities to minimize tax (*cautious minimizing with conflict avoidance*). Only a minority of taxpayers were interested in tax practitioner who can deliver on aggressive tax planning and knows what is checked during the tax audit (*creative accounting, aggressive tax planning*).

Authors analyzing the influence of tax agents' assistance on the amount of tax paid emphasize the agents' dual role. They may serve as government agents collecting taxes and taxpayers' advocates aiming at reducing tax liabilities (Jackson & Milliron, 1989; Hansen, Crosser, & Laufer, 1992; Sakurai & Braithwaite, 2003). Literature suggests that there is a relation between both clients' and tax agents' characteristics and preferences for a type of advice (LaRue & Reckers, 1989; Murphy, 2004; O'Donnell, Koch, & Boone, 2005). LaRue and Reckers (1989) showed that tax practitioners were more prone to provide aggressive (or conservative) advice to aggressive (conservative) clients. Similarly, Sakurai and Braithwaite (2003) found that taxpayers and tax agents influence each other thus making the final tax decision a result of a "team play."

Because the predominant reason for hiring a tax professional is tax complexity, studies on tax agents' characteristics focus on their knowledge (LaRue & Reckers, 1989; Schisler, 1994; Roberts, 1998; O'Donnell *et al.*, 2005). Results of those studies provided contradictory evidence, showing that professionals develop domain knowledge through experience and then make more aggressive decisions (LaRue & Reckers, 1989), while other studies found no association between knowledge and tax decisions (Schisler, 1994). O'Donnell *et al.* (2005) focused on domain knowledge, representing information about how to make decisions, which can be useful in a particular task domain and task complexity as factors shaping recommendation for client. Results showed that domain knowledge linked to the outcome expectations about whether a position can be defended favored more aggressive recommendations, while task complexity contributed to less aggressive recommendations.

Domain knowledge and complex tax compliance decisions

Literature states that we may perceive the work of tax practitioners as tax compliance and tax avoidance (planning) advice (Kang, 2018). The former concentrates on the correct settlement of tax position while the latter refers to ambiguous tax situations, in which tax position is subject to some uncertainty. Although tax practitioners claim accuracy as their main objective, the nature of tax practice is inevitably linked to possible tax litigations and reputational risk (Spilker *et al.*, 1999; O'Donnel *et al.*, 2005) due to inherent uncertainty and ambiguity in tax legislation.

Thus, we may see decisions regarding taxes as complex tasks characterized by incompletely defined tasks (or consequences of action) and several ways of reaching the task (Campbell, 1988). In the case of corporate income tax, agents may sometimes minimize or optimize the tax burden with the use of legally permissible tax planning, however she may achieve it also with tax schemes that tax authorities do not fully support. We may derive the complexity of corporate tax decisions from multiple performance dimensions, including nonquantitative ones that might serve as decision-making determinants. Corporate income tax decisions involve several interconnected and sometimes conflicting elements to consider, which are postponing of tax burden vs minimizing the tax burden, optimizing the tax burden vs. minimizing the risk of litigation and tax practitioner's personal responsibility vs the company's aggressive tax planning.

In the above-described complicated tax situation, tax-specific expertise seems to be crucial for developing tax judgments and finally tax decisions (Spilker, 1995). Surprisingly, past research shows that experience plays no difference in both auditors' and accountants' judgments regarding the frequency of specific financial statement errors (Bonner, 1994a, b). It suggests that experience is an incomplete measure (Bonner & Lewis, 1990) of task-specific expertise and other factors are at play, e.g. general domain knowledge, task-specific (subspecialty) knowledge, general business knowledge and general problem-solving ability. The tax domain is also very specialized and corporate income tax calculations require subspecialty knowledge including the legally permissible methods and tools. Income and expense shifting is an example of a method used for tax optimization and/or minimization with uncertain legal boundaries. Shifting profits/losses is possible between years and months in the case of advance tax payments. Incomes and expenses are two similar but not the same tools that can be used for shifting and thus tax-specific knowledge and experience can help tax agents identify relevant information and evaluate alternatives. Tax domain knowledge would encompass the frequency of audits (conducted by tax authorities) concentrated on two tools used for shifting: incomes or expenses. It can also be derived from the knowledge about the complexity of income/expense transactions that would obstruct or even make tax audits impossible to get to the bottom of income or expense transactions. Further, subspecialty knowledge might also provide tax practitioners with necessary interactions with other employees of the company to achieve the task. However, decision-makers may be hesitant to engage in such interactions due to concerns about potential reputation issues arising from uncertainties surrounding tax positions.

Present study

We investigated whether similar but not the same tools influence the extent of corporate income tax understatement. Among many tools that tax agents with domain knowledge are aware of, we chose the basic components of taxable profit: incomes and expenses. Their role in the calculation of taxable profit is similarly based on the fundamental tax calculation and thus both substantially influence tax liabilities in corporate income tax. We focused on corporate income tax as many previous studies examined compliance with personal income tax (Sakurai & Braithwaite, 2003; Kirchler, 2007; Borrego *et al.*, 2012).

Our experiment encompassed income and expense as tools to shift taxable profit between months (in the case of advanced payments), because in the case of corporate income tax, the tax agents calculate tax payments on a monthly basis. It allows them to influence the amount of tax liability more frequently than in the case of personal income tax. Further, past research used annual tax returns with the amount of tax liability treated as an exogenous variable (Kirchler & Maciejovsky, 2001). The decision to comply or evade taxes was a taxpayer's reaction after receiving information about the amount of tax payment from the tax authority.

In the case of corporate income tax – not investigated in past research – employees accountable for tax calculations can plan the amount of tax liability being in a prepayment position and advancing annual return. This means that it is possible to evade corporate income tax each month within the annual tax period and finally at the end of the year when filling in a tax return. Corporate income tax agents calculating monthly tax liability, which does not exist for personal income tax, can frequently use both income and expense shifting as the basis for tax evasion. Moreover, as this is a monthly responsibility of the employee accountable for tax calculations, income and expense shifting can be incorporated into tax planning for the company. Tax planning requires from tax agents specialty knowledge and problem-solving abilities, which derive from domain knowledge of tax calculations and indicates that income shifting can be differentiated from expense shifting, although both can end up with an understatement of taxable profit and an understatement of tax liability.

In the case of income shifting in the form of quicker or delayed invoice issuance, the person responsible for shifting may be the company's employee in charge of invoice issuance and journal entry. Contrary, in the case of expense shifting, the tax agent's execution of an evasion decision requires contacting the other party, hindering independent activity conducted by an employee alone. Moreover, American Internal Revenue Service acknowledged that detecting overstated deductions and understated incomes requires distinct programs for measuring taxpayer compliance (IRS, 1990).

Based on the above, we expected that the tool would differentiate the extent of understatement of tax liability being an example of corporate tax evasion. We formulated the following hypothesis:

H1. The extent of corporate income tax liability understatement will be higher when tax agents use income shifting in comparison with the usage of expense shifting.

To verify the hypothesis, we conducted two experimental studies among young (accounting and tax masters' degree students) and experienced tax agents.

Study 1

Research method. In the study, we used random allocation to two experimental groups. In both groups, respondents read a scenario placing them in a position of an employee responsible for tax planning and calculations of tax liabilities. In the company, when accepting a customer's order, the profit after tax is planned on the given customer order and all deviations must be explained by this employee. With regards to the last accepted customer order, the positive results (in terms of profit not stated in monetary terms) were planned, but due to recent changes in tax law (external reason), the final result on customer order will be much lower than planned. We presented the employee with the possibility of increasing the final results based on income (experimental group 1) or expenses (experimental group 2) shifting. The argument for manipulating taxable profit with the use of each tool (income or expense) was described as unprecise corporate income tax law and low risk of a tax audit. After reading the scenario, we asked the respondents to answer the following question: By what percentage would you be willing to reduce the tax liability using income/expense shifting?

Participants. The study involved 62 accounting and tax masters' degree students (M_{age} = 23.98; SD_{age} = 3.93), mostly women (90.3%) at an economic university in Poland. We randomly assigned students to two experimental groups: group 1 (income N = 32) and group 2 (expenses N = 30).

Research results. The conducted Levene test showed homogeneity of variance between samples ($p = 0.205$) which allowed us to use the *t*-test to determine the impact of income and expense shifting on corporate income tax evasion. The analysis revealed that the percentage of corporate income tax understatement was higher in the first experimental group than in the second experimental group, but the difference between groups was on tendency level ($t = 1.55$, $p = 0.06$; $d = 0.39$). Students with the possibility to use income shifting (M = 17.81, SD = 13.07) evaded corporate income tax to more extent than students with the possibility to use expense shifting (M = 13.17, SD = 10.32).

Study 2

Research method. Similar to Study 1, Study 2 included two scenarios where participants assumed the role of an employee responsible for tax planning and calculating tax liabilities. The criteria for accepting customer orders remained consistent with Study 1, but the reasons for a change between planned and present (actual) profit on a given customer order differed. In this case, we informed the respondents about the increase in the price of raw materials required for completing a customer's order (external reason). Furthermore, we stated that the company would purchase raw materials for the customer's order at the current price and the contract with the customer did not provide for the renegotiation of the price by either party. We also differentiated scenarios to have two treatment groups: one using incomes and the other using expenses as tools for manipulation of the actual taxable profit on customer orders. We asked respondents the same questions as in Study 1: By what percentage would you be willing to reduce the tax liability using income/expense shifting?

Participants. The study involved 68 tax agents (M_{age} = 38.75; SD_{age} = 10.38), mostly women (88.2%) from small and large companies, with professional experience mainly in income taxes. The average length of professional experience declared by respondents was M = 11.82 years (SD = 8.09) with no statistically significant differences between both experimental groups ($t = -0.96$ $p = 0.34$). We randomly assigned respondents to two experimental groups: group 1 (income N = 31) and group 2 (expenses N = 37).

Research results

The conducted Levene's test showed homogeneity of variance between samples ($p = 0.178$), which allowed us to use the *t*-test to examine the impact of income and expense shifting on corporate income tax evasion. In line with expectations, tax agents offered the possibility to use income shifting understated the corporate income tax to more extent (M = 45.87, SD = 32.45) than tax agents offered the possibility to use expense shifting (M = 32.16, SD = 28.20), and the difference between groups was significant ($t = 1.86$, $p = 0.03$; $d = 0.45$) (see Figure 1).

In line with the formulated hypothesis, experienced tax agents declared a higher percentage of corporate income tax understatement when using income shifting compared to expense shifting.

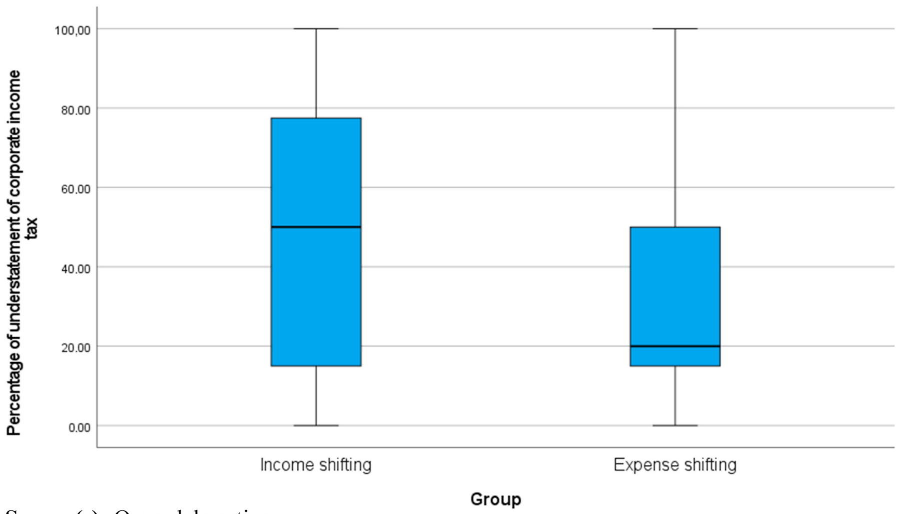

Figure 1.
The effect of income and expense shifting on the extent of the corporate income tax understatement

Source(s): Own elaboration

Discussion

Scholars study tax evasion primarily from the taxpayers' perspective because, under the self-assessment tax system, taxpayers are responsible for handling their own tax affairs (Borrego, Loo, Lopes, & Ferreira, 2015). The growing complexity and ambiguity of tax laws necessitate the assistance of tax professionals in ensuring compliance with tax liabilities. The role of tax professionals is crucial in the case of corporate taxes among them corporate income tax. Our study emphasized the importance of tax agents' domain knowledge in noncompliance decision-making and examined the effect of income and expense shifting on corporate income tax evasion.

We aimed to verify the hypothesis assuming a higher extent of corporate income tax understatement with the usage of income shifting than expense shifting. As stated above, we focused on corporate income tax as it differs from personal income tax regarding the frequency and complexity of calculation. Therefore, we conducted our study among young and experienced tax agents, because the specific tax knowledge was indispensable to understand the described situation of the company and possible methods of tax liabilities minimalization. The scenarios presented to respondents underlined worse-than-planned financial results of the current contract due to recent changes in tax law (Study 1) or an increase in the price of raw materials (Study 2). Therefore, the decision to understate tax liabilities in an unfavorable company's situation could be plausible. Then, we presented our respondents with the possibility to reduce the tax liability using income or expense shifting. Income and expenses are two basic components of tax profit, thus, they both substantially impact tax liabilities in corporate income tax. The results of the studies showed a significantly higher extent of corporate income tax understatement when using income shifting compared to expense shifting in the case of experienced tax agents (Study 2) and on tendency level among young tax agents (Study 1). However, the extent of understatement was rather low among young tax agents and moderate among experienced tax agents.

Moreover, our two experiments concerned the situation that involved potential losses. In line with prospect theory assumptions, individuals are loss-averse (Kahneman & Tversky, 1979). Thus, they are more willing to avoid loss and take risks in situations perceived as a loss. While in a gain situation, people are risk averse.

The difference between the extent of understatement of advance payments revealed distinct utilization of the two noncompliance tools, namely income and expense shifting when calculating understatement of advanced tax payments during the tax period. Therefore, tax professionals may misuse domain knowledge, which constitutes an important part of their qualifications, and thus generate tax noncompliance risk during tax planning. However, both methods of corporate income tax understatement require different actions by the tax agent since the seller uses invoices. Therefore, shifts in the dates of issuing purchase invoices entail the need to engage the contractor, which may weaken the propensity to tax evasion. There was no direct incentive for a certain decision in the scenario and tax agents participating in the experiment decided about tax evasion freely and with no pressure on them. Therefore, the experiment results are all more significant. This finding complements Internal Revenue Service's acknowledgment that distinct taxpayer compliance measurement programs are necessary to identify overstated deductions and understated incomes (IRS, 1990).

With this finding, we add to the literature, as prior research focused on tax advisors dealing with clients while our study concentrated on tax agents who are employed in companies and thus have no relations with the clients. The tax advisor is partially incorporated in the decision-making process, as it is the client's role to finally decide about the understatement of the advance payment. In contrast, a tax agent hired by a company may be entitled to make such a decision individually directly influencing the tax planning for the company and the associated level of uncertainty.

Practical implications and limitations

Our research shows that domain knowledge can be misused for intentional noncompliance. Task-specific (subspecialty) knowledge about two similar but not the same tools combined with agents' professional experience can help identify relevant information and evaluate alternatives with the purpose of tax evasion. Thus, the results of this study should be of interest to managers who pay attention to tax procedures within the company if they want to ensure the tax security of entities for which they are accountable. Further, these findings should be of interest to governmental agencies that develop tax law and tax audit practices aimed at detecting income and expense shifting. Educators also need to be mindful of the issue highlighted in this study, as they play an important role in discouraging the misuse of domain knowledge. This refers not only to future and young tax agents but especially to experienced tax agents who showed a moderate extent of understatement. Education of tax agents should thus not be limited to the time before starting a professional career but should be planned as a life-long learning.

Although this article contributes to our understanding of domain knowledge importance in corporate income tax evasion practices, it has several limitations. The first limitation refers to the employed methodology, which adopted a hypothetical scenario in the experiment. Based on prior experimental and psychological literature, we know that the results of laboratory experiments should be interpreted with caution. Thus, future research should be a field study concerning tax agents' real-life decisions. The second limitation derives from a limited number of young and experienced tax agents encompassed in the experiment. Hence, the results should not be generalized to all tax professionals. Third, in both studies, the presented scenarios underlined different factors that lowered the profit from the project, which could have impacted the observed propensity of corporate income tax understatement. Moreover, the level of respondents' domain knowledge could vary among studies due to their professional experience, therefore, interpretation of the results should take this difference into account.

Nevertheless, the above limitations call for further in-depth investigation of domain knowledge as an important determinant of tax agents' intentional compliance and noncompliance decisions.

References

Allingham, M. G., & Sandmo, A. (1972). Income tax evasion: A theoretical analysis. *Journal of Public Economics*, *1*, 323–338. doi: 10.1016/0047-2727(72)90010-2.

Bonner, S. E. (1994a). A model of the effects of audit task complexity. *Accounting, Organizations and Society*, *19*(3), 213–234. doi: 10.1016/0361-3682(94)90033-7.

Bonner, S. E. (1994b). Experience effects in auditing: The role of task-specific knowledge. *The Accounting Review*, *65*(1), 72–92.

Bonner, S. E., & Lewis, B. L. (1990). Determinants of auditors expertise. *Journal of Accounting Research*, *28*, 1–20. doi: 10.2307/2491243.

Borrego, A. C., Mota Lopes, C. M., & Santos Ferreira, C. M. (2012). The role of tax agents in taxpayers' tax compliance. In *Book of Proceedings – Tourism and Management Studies International Conference*, 1–26-1030 (Vol. 3). ESGHT-university of the Algarve. Available from: https://www.redalyc.org/articulo.oa?id=388743876025 (accessed 11 August 2022).

Borrego, A. C., Loo, E. Ch., Lopes, C., & Ferreira, C. (2015). Tax professionals' perception of tax system complexity: Some preliminary empirical evidence from Portugal. *E-journal of Tax Research*, *13*(1), 338–360.

Campbell, D. J. (1988). Task complexity: A review and analysis. *The Academy of Management Review*, *13*(1), 40–52. doi: 10.5465/AMR.1988.4306775.

Carnes, G. A., & Cuccia, A. D. (1996). An analysis of the effect of tax complexity and its perceived justification on equity judgments. *Journal of the American Taxation Association*, *18*(2), 40–56.

Carnes, G. A., & Englebrecht, T. D. (1995). An investigation of the effect of detection risk perceptions, penalty sanctions, and income visibility on tax compliance. *The Journal of the American Taxation Association*, *17*, 26–41, Available from: https://www.proquest.com/scholarly-journals/investigation-effect-detection-risk-perceptions/docview/211038293/se-2 (accessed 11 August 2022).

Doyle, E., Huges, J. F., & Summers, B. (2013). An empirical analysis of the ethical reasoning of tax practitioners. *Journal of Business Ethics*, *114*(2), 325–339. doi: 10.1007/s10551-012-1347-x.

Eriksen, K., & Fallan, E. (1996). Tax knowledge and attitudes towards taxation; A report on a quasi-experiment. *Journal of Economic Psychology*, *17*(3), 387–402. doi: 10.1016/0167-4870(96)00015-3.

Hansen, D. R., Crosser, R. L., & Laufer, D. (1992). Moral ethics v. tax ethics: The case of transfer pricing among multinational corporations. *Journal of Business Ethics*, *11*, 679–686. doi: 10.1007/BF01686348.

Hite, P., & McGill, G. A. (1992). An examination of taxpayer preference for aggressive tax advice. *National Tax Journal*, *45*(4), 389–403. doi: 10.1086/NTJ41788980.

Hoffman, W. H. Jr. (1961). The theory of tax planning. *The Accounting Review*, *36*(2), 274–281.

Internal Revenue Service (1990). *Income tax compliance research: Net tax gap estimates and remittance gap estimates*. Washington, D.C.: Research Division Pub. No. 7285. U.S. Government Printing Office.

Jackson, B. R., & Milliron, V. C. (1989). Tax preparers: Government agents or client advocates?. *Journal of Accountancy*, *167*(5), 76–83.

Joulfaian, D. (2000). Corporate income tax evasion and managerial preferences. *The Review of Economics and Statistics*, *82*(4), 698–701. doi: 10.1162/rest.2000.82.4.698.

Kadous, K., & Magro, A. M. (2001). The effect of exposure to practice risk on tax professionals' judgments ad recommendations. *Contemporary Accounting Research*, *18*(3), 451–475. doi: 10.1506/TF76-653L-R36N-13YP.

Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. *Econometrica*, *47*, 263–291. doi: 10.2307/1914185.

Kang, M. (2018). Tax practitioner compliance. In J. Iwin-Garzyńska (Ed.), *Taxes and Taxation trends*. Intechopen. doi: 10.5772/intechopen.74216.

Kastlungen, B., Lozza, E., Kirchler, E., & Schabmann, A. (2013). Powerful authorities and trusting citizens: The slippery slope framework and tax compliance in Italy. *Journal of Economic Psychology*, *34*, 36–45. doi: 10.1016/j.joep2012.11.007.

Kirchler, E. (2007). *The economic psychology of tax behavior*. New York: Cambridge University Press. doi: 10.1017/CBO9780511628238.

Kirchler, E., & Maciejovsky, B. (2001). Tax compliance within the context of gain and loss situations, expected and current asset position, and profession. *Journal of Economic Psychology*, *22*(2), 173–194. doi: 10.1016/S0167-4870(01)00028-9.

LaRue, D., & Reckers, P. M. J. (1989). An empirical examination of the influence of selected factors on professional tax preparers' decision processes. *Advances in Accounting*, *7*, 37–50.

McKerchar, M. (2005). The impact of income tax complexity on practitioners in Australia. *Australian Tax Forum*, *20*(4), 529–554.

Murphy, K. (2004). Aggressive tax planning: Differentiating those playing the game from those who do not. *Journal of Economic Psychology*, *25*, 307–329. doi: 10.1016/S0167-4870(03)00011-4.

Murphy, K., & Byng, K. (2002). Preliminary findings from the Australian tax system survey of tax scheme investors. Centre for Tax System Integrity working paper No. 40. Canberra: The Australian National University.

O'Donnell, Ed., Koch, B., & Boone, J. (2005). The influence of domain knowledge and task complexity on tax professionals' compliance recommendations. *Accounting, Organizations and Society*, *30*, 145–165. doi: 10.1016/j.aos.2003.12.003.

Roberts, M. L. (1998). Tax accountants' judgment/decision-making research: A review and synthesis. *The Journal of the American Taxation Association*, *20*(1), 78–121.

Sakurai, Y., & Braithwaite, V. (2003). Taxpayers' perceptions of practitioners: Finding one who is effective and does the right thing?. *Journal of Business Ethics*, *46*(4), 375–387. doi: 10.1023/A:1025641518700.

Schisler, D. (1994). An experimental examination of factors affecting tax preparers' aggressiveness – a prospect theory approach. *The Journal of the American Taxation Association*, *16*(2), 124–142.

Spilker, B. (1995). The effects of time pressure and knowledge on key word selection behavior in tax research. *Journal of Accounting Review*, *70*(1), 49–70.

Spilker, B. C., Worsham, R. G. Jr., & Prawitt, D. F. (1999). Tax professionals' interpretations of ambiguity in compliance and planning decision context. *Journal of American Taxation Association*, *21*(2), 75–89. doi: 10.2308/jata.1999.21.2.75.

Tan, L. M. (2014). Understanding the tax practitioner-client relationship: Using a role theory framework. *Procedia-Social and Behavioral Sciences*, *164*, 242–247. doi: 10.1016/j.sbspro.2014.11.073.

Wurth, E., & Braithwaite, V. (2016). Tax practitioners and tax avoidance. Gaming through authorities, cultures and markets. RegNet Research Paper, No. 119. School of Regulation and Global Governance. doi: 10.2139/ssrn.2848567.

Corresponding author
Sabina Kołodziej can be contacted at: skolodziej@kozminski.edu.pl