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INFORMATION PAGE ON NEW ACADEMIC AND THEORETICAL CONTRIBUTIONS OF THE DISSERTATION

Dissertation Title: The impact of tax avoidance on firm value through the moderating role of stakeholders in listed companies on the Vietnamese stock market.

Major: Finance - Banking Code: 9 34 02 01

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New contributions in terms of theory and practice of the dissertation:

The study on the impact of tax avoidance on firm value through the moderating role of stakeholders in Vietnam has brought many new contributions both scientifically and practically. These contributions not only expand the understanding of the relationship between tax avoidance and firm value but also provide important insights for investors, enterprises, and regulatory agencies in terms of investment, control, and optimization of tax strategies and tax management. Below are some key contributions:

1. Theoretical contributions

- First, the dissertation contributes a novel approach by extending the research model on the determinants of corporate tax avoidance behavior. Unlike prior studies, in which the supplier factor is typically measured by whether a single supplier accounts for more than 10% of a firm’s total sales—thus capturing the supplier’s dependence on the firm—this approach mainly reflects a one-way dependency from the supplier’s side and does not fully capture the nature of special transactional relationships between firms and related parties, which are crucial in shaping tax avoidance behavior.

Building on this limitation, the dissertation proposes and introduces a new proxy for the supplier factor by using the balance of accounts payable to related parties, which directly reflects the scale and intensity of input transactions (goods and services) between firms and their related parties. This measure enables a clearer identification of purchases of raw materials, intermediate goods, and input services conducted within related-party frameworks (largely affiliated entities), where commercial terms—particularly transfer prices—may deviate from arm's-length principles.

By focusing on these special transactional relationships, the dissertation highlights the role of input cost structures as an important channel of tax avoidance. Specifically, the use of accounts payable to related parties captures firms' ability to adjust costs through internal pricing, thereby reducing taxable income and effective tax rates. This approach not only overcomes the limitations of traditional supplier measures but also extends the theoretical and empirical foundations regarding the role of related-party transactions in explaining corporate tax avoidance, particularly in developing economies such as Vietnam.

- Second, the dissertation makes a scientific contribution by extending the analytical framework of the relationship between tax avoidance and firm value through the explicit integration of tax risk as a moderating factor. Prior studies have largely approached tax risk indirectly, using aggregate measures such as the volatility of tax avoidance indicators (e.g., the standard deviation of ETR), which capture variability in tax behavior but do not clearly identify the underlying sources or drivers of tax risk.

To address this gap, the dissertation incorporates customers and institutional shareholders into the tax avoidance–firm value model as moderating factors operating through tax risk. It argues that the involvement of related-party customers and institutional shareholders in ownership structures and business strategies can increase transactional complexity, expand opportunities for profit shifting, and raise the likelihood of tax disputes, thereby generating tax risk for firms.

By linking tax risk to specific structural characteristics and economic relationships, the dissertation demonstrates that the impact of tax avoidance on firm value is not fixed but is significantly moderated by tax risk arising from customers and institutional shareholders. When tax risk is low, tax avoidance can enhance firm value through tax cost savings and higher after-tax cash flows. Conversely, when tax risk increases due to the deep involvement of customers and institutional shareholders in tax strategies, the benefits of tax avoidance may be diminished or offset by tax adjustments, compliance costs, and reputational risks.

This approach shifts the analysis from purely statistical measures of tax risk to the identification of concrete economic mechanisms and actors that generate tax risk, thereby expanding theoretical insights and providing new empirical evidence on the moderating role of tax risk in the relationship between tax avoidance and firm value, especially in emerging markets such as Vietnam.

- Third, the dissertation contributes to the literature by further extending and refining the tax avoidance–firm value model through an explicit examination of the moderating role of related parties, particularly customers measured by the proportion of revenues generated from related-party transactions. While prior studies have generally treated tax avoidance as a continuous variable and analyzed the moderating role of related parties in a broad manner, such approaches do not adequately capture differences in the impact of tax avoidance on firm value across varying levels of tax avoidance.

Accordingly, the dissertation proposes a novel approach by decomposing tax avoidance behavior into distinct levels (or "corporate income tax avoidance zones"), rather than assuming a purely linear relationship between tax avoidance and firm value. This framework enables a systematic examination of the heterogeneous effects of different tax avoidance levels on firm value and clarifies the moderating mechanisms of sales, service transactions with related-party customers within each tax avoidance zone.

The core scientific contribution lies in shifting the analytical focus from the linear effects of tax avoidance to identifying the specific levels of tax avoidance at which such behavior enhances or erodes firm value under the moderating influence of related parties. In doing so, the dissertation provides new empirical evidence that the moderating role of related parties is heterogeneous and contingent on the degree of tax avoidance, thereby highlighting the nonlinearity and context dependence of the tax avoidance–firm value relationship—an important gap in the existing literature.

2. Practical contributions

- First, the research findings on the impact of related-party transactions (with customers and suppliers) on tax avoidance hold significant implications for investors, corporate managers, and tax authorities. In practice, tax authorities in many countries are increasingly focusing on monitoring transactions between related parties. The study demonstrates that firms engage in tax avoidance activities through related-party transactions. Specifically, the use of revenue from related parties and payables to related parties as mechanisms for tax avoidance is becoming more pronounced. These findings provide valuable support for investors in more effectively selecting stocks of firms that achieve greater tax savings through related-party transactions; for corporate managers in more efficiently planning tax strategies using related-party transactions to avoid taxes; and for tax authorities in managing tax compliance, particularly in addressing firms that abuse related-party transactions to engage in tax avoidance.

- Second, the research results on the impact of tax avoidance on firm value through the moderating role of stakeholders are also highly relevant to investors, corporate managers, and tax authorities. Previous studies have shown that while tax avoidance may increase firm value in the short term through tax savings, in the long term, the involvement of stakeholders such as customers and institutional shareholders can introduce tax risks and legal consequences. These tax risks ultimately moderate and reduce the positive effects of tax avoidance on firm value. This study thus assists investors in better mitigating risks when making investment decisions, helps corporate managers plan tax strategies more effectively by minimizing tax risks when involving stakeholders, and supports tax authorities in tax administration, particularly in managing firms that exploit related-party transactions to avoid taxes and thereby reduce government tax revenues.

- Third, the research findings on the impact of different tax avoidance zones on firm value through the moderating role of stakeholders are of considerable importance to investors, corporate managers, and tax authorities. The study reveals that firms conducting sales and service transactions with related parties in high-risk and medium-risk tax avoidance zones tend to experience a decrease in firm value, while those operating in low-risk and safe tax avoidance zones tend to see an increase in firm value. These findings help investors more effectively assess tax risks associated with different tax avoidance zones, assist corporate managers in optimizing tax planning strategies to minimize tax risks by appropriately involving stakeholders in the relevant tax avoidance zones, and support tax authorities in conducting more targeted tax risk assessments in each zone before making audit and inspection decisions regarding firms.

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