

The Role of ESG Governance and Internal Control in Preventing Corporate Tax Fraud: Expert Perspectives

Zineb El Idrissi ¹, Hafsa El Kadiri ², Hajar Tabyaoui ³, Anas Azenzoul ⁴  and Nacer Mahouat ^{5*} 

¹ Center for Studies and Research in Engineering and Organization Management, SUP2I, Hassan II University of Casablanca, Casablanca 20190, Morocco;

² Higher Institute of Engineering and Business (ISGA), Joint Unit: Entrepreneurship and Territorial Innovations (UMEIT), Cadi Ayyad University, Marrakech 40000, Morocco;

³ Laboratory of Economics and Management, Multidisciplinary Faculty of Khouribga, Sultan Moulay Slimane University, Khouribga 25000, Morocco;

⁴ INREDD Laboratory, Department of Management Science, Faculty of Legal, Economic and Social Sciences, Cadi Ayyad University, Marrakech 40000, Morocco;

⁵ PRISM Laboratory, Department of Management Science, Casablanca Higher School of Technology, Hassan II University of Casablanca, Casablanca 20000, Morocco.

* **Corresponding author:** mahouatnacer@gmail.com

ABSTRACT: Corporate tax fraud is a growing phenomenon not only in terms of legal control and audit but also in terms of corporate responsibility and stakeholder control. This study aims to describe how Environmental, Social, and Governance (ESG) governance and internal control mechanisms could work together to prevent companies' tax fraud and improve tax behavior. The research was conducted using a qualitative methodology. The study involved 15 semi-structured interviews with experts in corporate taxation, auditing, control, and governance. The interviews were analyzed using Nvivo software. The results of the study revealed that ESG governance could improve the situation if it is integrated with tax responsibilities through the development of appropriate control mechanisms. They also showed that there is a significant decoupling risk between ESG goals and actual tax behaviors due to competing financial and managerial incentives. The analysis also revealed that the prevention of corporate tax fraud requires an ethical and accountable governance system, whistleblower policies, ESG disclosure mechanisms, and digital technologies. Such technologies as artificial intelligence could be used to improve monitoring and detect tax fraud in a timely manner. The research provides theoretical and practical contributions to the understanding of how to prevent corporate tax fraud by transforming ESG governance mechanisms and internal control systems. It also provides several suggestions for practitioners and policymakers in the field.

Keywords: ESG governance, Internal control, Corporate tax fraud, Tax compliance, Managerial opportunism, Institutional decoupling, Whistleblower, Artificial intelligence.

I. INTRODUCTION

Tax Fraud is a major challenge facing organizations, as it poses a risk to their performance, resources, and reputation. It can be perpetrated by individuals or groups, regardless of their role or hierarchical level within the organization. Consequently, fraud prevention requires heightened awareness, constant vigilance, and the implementation of appropriate control mechanisms to identify and curb fraudulent behavior [1]. In this context, internal control is a vital organizational function. It involves an independent, objective assessment

activity aimed at adding value and enhancing the effectiveness and efficiency of operational processes. Conducted systematically and in a structured manner, internal auditing evaluates risk management, internal control, and governance frameworks, thereby contributing to the achievement of organizational objectives [2]. Through its assurance and consulting engagements, internal auditing can also help identify weaknesses in control systems and reduce opportunities for fraud. Furthermore, implementing good governance practices is a key factor in preventing tax fraud and improving the management of resources and assets. Effective governance relies on coordination among various stakeholders, as well as on integrity, professionalism, ethical conduct, and a genuine culture of accountability. However, the effectiveness of these mechanisms depends on the commitment of all parties involved, whether from public institutions or civil society [3].

At the international level, OECD recommendations (2018) encourage the integration of integrity principles and ethical values into internal control systems. This approach can be reinforced, in particular, through the development and implementation of codes of good governance practices. Maintaining high ethical standards within organizations is thus essential for strengthening public trust, enhancing transparency, and curbing unethical behavior. In this regard, establishing integrity systems and oversight mechanisms helps ensure that organizational processes are conducted in accordance with the principles of ethics, accountability, and transparency (OECD, 2018). Furthermore, the promotion of a more transparent and equitable global tax system [4–7] aligned with sustainability principles relies on accounting and tax standards developed by international organizations. Businesses are no longer required merely to comply with legal obligations but must also assume broader responsibility toward stakeholders regarding tax governance.

Against this backdrop, new mechanisms aim to promote sustainable tax behavior and foster a genuine culture of tax compliance, wherein taxation is viewed as a fundamental element of the relationship between citizens, businesses, and the State a relationship grounded in reciprocal rights and responsibilities [5]. In Morocco, the commitment to sustainable development has been notably strengthened through the development of the National Charter for the Environment and Sustainable Development, institutionalized by Framework Law No. 99-12, which was adopted by Parliament in February 2014. This framework law defines the State's fundamental guidelines and objectives regarding environmental protection and the promotion of sustainable development (AMMC, 2017). Within this context, the gradual integration of environmental, social, and governance (ESG) criteria into the Moroccan tax system represents a significant development. Initially based on tax incentive mechanisms designed to encourage green investments, this approach has been progressively reinforced by the adoption of Framework Law No. 69-19 on tax reform, which establishes ecological transition and social equity as key dimensions of national tax policy.

From an environmental perspective, the Moroccan tax system is progressively incorporating the "polluter-pays" principle notably through specific eco-taxes on plastic products and certain types of packaging as well as tax incentives for green investments, particularly in renewable energy. Socially, the tax system contributes to redistribution and solidarity goals through various mechanisms, such as the social solidarity contribution on corporate profits and regulations concerning remuneration and social security contributions. Regarding governance, tax transparency is increasingly becoming a central element of corporate compliance. This trend particularly affects listed companies and entities supervised by the Moroccan Capital Market Authority (AMMC), which are increasingly required to ensure alignment between their tax practices, transparency obligations, and ESG commitments.

In this context, anticipating tax developments linked to ESG issues has become a strategic priority for companies. It enables them not only to better manage tax costs but also to reduce exposure to non-compliance and tax-related risks. At the same time, tax authorities are increasingly relying on a combination of financial and non-financial data to assess corporate tax behavior. Integrating ESG considerations into tax practices thus emerges as a lever capable of simultaneously strengthening tax compliance, transparency, risk management, and sustainable value creation. Evidence from the Moroccan tax administration also suggests that digitalization can contribute to tax compliance and improve the efficiency of tax control activities [8].

Consequently, this research adopts a qualitative approach aimed at understanding the organizational mechanisms linking ESG governance, internal control, and the prevention of tax fraud. It seeks to address

the following research question: How do ESG governance mechanisms and internal control systems contribute to preventing corporate tax fraud, and how does their interplay strengthen tax transparency, stakeholder accountability, and organizational tax compliance?

To address these research questions, the remainder of the paper is organized as follows. Firstly, the literature review will focus on the interaction between corporate governance mechanisms and tax fraud, in addition to the effect of ESG governance. Secondly, the methodology section presents the qualitative research design, the process of data collection, and the analytical procedures. Finally, the findings and discussion sections present the empirical results and their theoretical and practical implications.

II. LITERATURE REVIEW

1. INTERNAL CONTROL AND CORPORATE TAX FRAUD PREVENTION

Internal control comprises the safeguards designed to prevent and detect tax fraud within companies. It encompasses all procedures and mechanisms implemented by an organization to ensure the reliability of financial and accounting information and to guarantee compliance with legal and tax obligations. Indeed, internal control systems primarily aim to enhance the reliability of organizational performance by fostering greater accountability among those responsible for producing and communicating information within the organization. Higher-quality financial information, produced in a timely manner, is positively associated with organizational performance and a company's ability to meet its revenue targets [9]. Furthermore, an effective internal control system helps prevent fraudulent behavior through the segregation of duties and the implementation of formalized procedures designed to reduce the manipulation of tax information. Work [10] highlight that the quality of internal control plays a decisive role in risk management and the functioning of financial markets. Indeed, internal control also plays a central role in detecting anomalies and tax irregularities notably through the reconciliation of accounting and tax data, the verification of tax returns, and the monitoring of discrepancies, which allows for the rapid identification of inconsistencies.

Furthermore, the effectiveness of internal control relies heavily on support from senior management as well as the board of directors and the audit committee; these bodies constitute powerful governance mechanisms that ensure the smooth functioning of the internal control system particularly regarding the improvement of financial and non-financial information quality, the identification and monitoring of tax risks, and the prevention of tax fraud. Moreover, internal control must be linked with complementary mechanisms such as internal and external audits, whistleblowing systems, and staff training to foster cooperation among them. Indeed, [11] demonstrated that independence, competence, and management support can enhance the effectiveness of the audit and internal control functions, thereby limit tax risks and aid in fraud prevention.

Regarding governance mechanisms designed to limit fraud risks within companies, findings [12] indicate that internal audit and sound governance practices play a positive and significant role in preventing fraud. Specifically, effective internal auditing helps strengthen control mechanisms, improve the detection of irregularities, and reduce opportunities for fraudulent behavior within organizations. Ultimately, preventing tax fraud depends not merely on the existence of internal control procedures, but above all on their effectiveness, independence, alignment with tax risks, and integration into the company's overall governance framework. Consequently, effective internal control can serve as a powerful driver of tax compliance and help strengthen the transparency, accountability, and sustainability of a company's tax practices.

Furthermore, [13] emphasize that companies should view both ESG ratings and the costs associated with internal control systems as strategic levers for enhancing tax compliance. The authors also highlight the importance of appropriately allocating resources to internal control activities in order to effectively integrate ESG issues into organizational processes and contribute to value creation. In this context, internal control serves as a primary assurance mechanism for integrating ESG criteria by fostering transparency, risk management, and stakeholder accountability. Along similar lines, [14] demonstrates that the authority of the tax administration and the quality of internal control are negatively associated with Value Added Tax (VAT) non-compliance. In other words, strengthening these mechanisms helps reduce instances of tax non-

compliance. The study also underscores the significant moderating role played by corporate governance in these relationships. Robust governance strengthens internal accountability mechanisms, improves the oversight of tax practices, and consequently fosters better VAT compliance.

Before discussing the specific tax behavior examined in this study, it is important to distinguish among several closely related concepts that are sometimes used interchangeably in the literature. Tax fraud refers to deliberate and unlawful acts intended to deceive tax authorities, such as falsifying information, concealing taxable income, or deliberately submitting fraudulent tax declarations. Tax evasion similarly involves the illegal reduction or avoidance of tax liabilities through the concealment or misrepresentation of taxable activities or income. By contrast, tax avoidance generally refers to arrangements that exploit gaps, ambiguities, or differences in tax rules to reduce tax liabilities while remaining formally within the law. Tax aggressiveness describes the extent to which taxpayers or firms adopt particularly assertive strategies to minimize their tax burden, potentially approaching or crossing the boundary of acceptable tax behavior depending on the legal and institutional context.

According to the fraud triangle theory, the commission of fraud generally relies on three main conditions: pressure, opportunity, and rationalization. From this perspective, ESG performance can play a significant role in reducing opportunities for fraud within companies. Indeed, a company that adopts robust ESG governance practices works to strengthen its governance mechanisms, transparency, organizational accountability, and control systems. Drawing on the fraud triangle theory, Wang, Chen, and Wang [15] demonstrate that ESG performance helps reduce corporate fraud through several mechanisms. First, it reduces fraud opportunities by enhancing information transparency. Second, it alleviates pressures that might foster fraud, notably by helping to ease financing constraints. Finally, it limits the rationalization of fraudulent behavior by increasing media attention and scrutiny. Thus, superior ESG performance can help reduce the overall risk of fraud by simultaneously addressing all three dimensions of the fraud triangle.

Better ESG performance can therefore help create an organizational environment where opportunities for fraud are more limited. The presence of an active board of directors, an effective audit committee, oversight mechanisms, internal control procedures, and whistleblowing systems increases the likelihood that irregularities will be detected. Consequently, individuals have fewer opportunities to circumvent controls or conceal their actions. According to Nayyef [16], there is a positive relationship between ESG disclosure, tax planning, and governance quality among industrial companies in the Salah Al-Din governorate. This finding suggests that companies placing greater emphasis on communicating their environmental, social, and governance commitments also tend to develop more structured tax planning practices and higher-quality governance.

This relationship can be explained by the fact that ESG disclosure enhances corporate transparency and accountability. When information regarding ESG practices is widely communicated, stakeholders have greater opportunities to evaluate the company's conduct; this can encourage management to adopt tax practices that are more organized and aligned with governance objectives. Indeed, governance quality plays a significant role in this relationship. Effective governance mechanisms strengthen the oversight of managerial decisions, improve information transparency, and provide better guidance for tax-related decisions. Consequently, tax planning can be integrated into a strategic approach rather than being used merely as a means to circumvent tax obligations.

2. ESG GOVERNANCE AND CORPORATE TAX FRAUD

It is widely recognized that taxation is no longer a technical and financial question, but rather a manifestation of the contribution of a firm to society. It shows to what extent the owners and managers are concerned about delivering value to society through paying their share timely and with the fixed amount that they are obliged. In fact, taxes represent a substantial share of states budgets and contribute directly to financing public goods, and, by engaging in aggressive tax behavior, firms may deprive them of these revenues and enhance their deficits. This conception of taxation role aligns with ESG perspective of maximizing value by avoiding behaviors like tax avoidance and international profit shifting. The empirical literature, however, remains nuanced concerning the relationship between the two concepts with the results varying depending on the context and the indicators used. Some studies findings a negative association

between ESG and tax avoidance [17-20], while other find no association [21, 22], making the view of ESG governance as a panacea for tax misconduct more nuanced.

Practically, corporate disclosure is among the main mechanisms that contributes to information transparency. When the firm communicates more frequently and with specific metrics about its tax behavior, the concealment of tax-related activities becomes less viable, and they become more accountable to stakeholders of the decision they make. Work [23] finds that ESG disclosure is associated with less tax avoidance, especially when it includes tax related activities, lowering information asymmetry and increasing access to pertinent and updated information [24]. However, disclosure alone may not be sufficient as other corporate governance mechanisms are essential to ensuring tax fraud deterrence. This increase in requirement to divulgate sensitive tax-related information may lead to corporate decoupling where the discourse extols the benefits of tax compliance and ESG activities, while continuing to engage in aggressive tax strategies at the operational level, even leading firms to substitute these governance mechanisms with shallow disclosure to satisfy stakeholders.

Other governance mechanism, concerning the board of directors, particularly its independence have negative impact on tax fraud. This characteristic limits the capacity of the managers and operational actors to engage in opportunistic behavior through enhanced oversight and financial reporting scrutiny. Li et al. [25] find that an increase in the independence of the board, as well as the audit committee is linked to less tax avoidance strategies. This committee has also a prominent role in ensuring sound management of tax related-activities as well as guiding managerial decisions due to its expertise, studies finding that financial expertise and tenure are both associated with less tax aggressive behavior [26]. Study [27] shows that narcissistic CEOs tend to be hindered in their goal of tax avoidance in the presence of a strong audit committee.

The ESG committees have similar role in curbing tax avoidance through more transparency and consistency in disclosure. Their effectiveness also depends on the expertise, independence and authority that they are given, playing a supportive role for traditional corporate governance mechanisms. Practically, ESG governance can also have other aspects like the dissemination of ethical guidelines thought the company, compliance control and setting up whistle-blowing channels, research finding that an increase in ethics and compliance leads to a reduction in tax evasion [28]. Additionally, ESG governance enhances the engagement of stakeholders with the company's tax policy through increased coverage and media exposure [29]. Through the lens of agency theory, ESG reduces information asymmetry between managers and owners, deterring them from tax planning activities and other opportunistic behaviors [30, 31]. Nevertheless, limited ESG governance can have limited effect on tax behavior if the principles are not applied correctly. Furthermore, studies have found that when firms establish a subsidiary in tax havens, they increase their investments in corporate social responsibility to hedge against the reputational risks of such action [32]. Therefore, ESG governance can reduce tax fraud by addressing the organizational forces that enable it. Specifically, ESG-related disclosures, ethics and compliance mechanisms, stakeholder monitoring, and ESG committees can curtail the ability of the firm to conceal its fraudulent activity and increase the likelihood that the activity will be discovered with severe sanctions being imposed. However, these mechanisms will only be effective if they are substantive in nature rather than symbolic.

III. METHODOLOGY

1. QUALITATIVE APPROACH

The present study proposes an exploratory qualitative analysis to assess how Environmental, Social, and Governance (ESG) governance mechanisms and internal control contribute to the prevention of corporate tax fraud. Moreover, the study aims to identify why ESG principles and internal control mechanisms are implemented in the way they are, including the reasons why corporate tax fraud occurs in firms with extensive ESG governance and control systems. A qualitative study was selected because the relationships between ESG governance mechanisms, internal control, and corporate tax fraud are complex and multifaceted. Thus, semi-structured interviews can help extract in-depth information on how ESG governance mechanisms and internal control prevent corporate tax fraud and what the challenges in the

implementation of these mechanisms and systems are. Furthermore, the study hypothesizes that the primary reason why firms with formal ESG governance mechanisms and internal control continue to experience corporate tax fraud is managerial opportunism and decoupling, which are prominent in agency theory. Therefore, the study focuses on discussing factors that can prevent corporate tax fraud in firms, including the development of ethical corporate cultures, whistleblower policies, and control systems, the inclusion of tax-related ESG indicators, digitalization and AI utilization, tax auditing, and stakeholder accountability.

2. DATA COLLECTION AND ANALYSIS PROCESS

2.1. Instrument

The data were collected using a semi-structured interview instrument. The questions were developed based on the conceptual framework and a thorough literature review on ESG, governance mechanisms, corporate tax fraud, agency problems, stakeholder accountability, and decoupling. The semi-structured format was selected to ensure uniformity among the questions and allow interviewees to expound on their visions and views regarding the implementation of ESG and internal control mechanisms and the challenges that firms face in combating corporate tax fraud. The questions were finalized after a pilot test to ensure that each question was clear and followed a logical order.

Table 1. Interview guide questions.

Interview questions
1. In your opinion, to what extent does the integration of ESG principles into a company's governance influence its tax practices and decisions?
2. Which ESG governance mechanisms seem most important to you to prevent or limit tax fraud practices within a company?
3. What specific role does the internal control system play in detecting and preventing tax fraud risks?
4. How can the effectiveness of internal control reinforce or, conversely, limit the impact of ESG governance mechanisms on the company's tax behavior?
5. What factors can explain why a company with formally developed ESG and internal control mechanisms still adopts fraudulent or non-compliant tax practices?
6. In your opinion, how should ESG governance and internal control mechanisms evolve to sustainably improve tax fraud prevention? (Examples: executive responsibility, role of stakeholders, regulation, tax transparency, digitalization of controls, audit, tax-related ESG indicators).

2.2. Sample screening

A purposeful sampling method was used for this study because potential participants needed to have the required expertise on corporate tax fraud and governance mechanisms, such as ESG and internal control mechanisms. Thus, 15 potential participants were contacted, and 15 semi-structured interviews were held. The sample was diverse because it included financial executives and consultants, auditors and public auditors, accountants, one internal controller, and researchers and professors with extensive expertise in finance and taxation.

The empirical study was conducted within the Moroccan institutional context. The participants were recruited from academic and professional environments directly or indirectly related to taxation, tax auditing, accounting, corporate governance, financial reporting, and organizational management. The manuscript now explicitly acknowledges that the sample of 15 participants limits statistical generalization while remaining appropriate for an exploratory qualitative investigation focused on specialized professional perspectives. Thus, the sample allows making comparisons among financial executives and consultants who are not directly involved in the auditing of corporations but provide consultancy services to firms that seek to prevent corporate tax fraud, accountants, and auditors who are involved in the direct examination of the financial statements of corporations to ascertain whether they follow the prescribed standards. As such, diversity was critical for this study because it would allow basing the findings on the consensus of the views of different participants.

To minimize the risk of confirmation bias, the analysis did not focus exclusively on statements aligning with the researchers' initial expectations. During the interviews and subsequent analysis, particular attention was paid to contradictory statements, alternative explanations, and negative or atypical cases. Participants were encouraged to elaborate on their views and to explain situations where the expected relationship between governance mechanisms, tax controls, and tax-related behaviors might not hold true.

We compared the responses and professional profiles of the various participants rather than assuming that a single interpretation represented the entire sample. Divergent viewpoints were incorporated into the analysis when they shed relevant light on the phenomenon under study. This way, the findings will reflect the views of financial executives, accountants, and auditors who are directly involved in corporate tax behaviors and can offer reliable information on how ESG governance mechanisms and internal control mechanisms can be utilized to prevent corporate tax fraud. Voluntary participation was assumed because no monetary or other incentives were promised to the participants. Beforehand, the participants were informed about the goals of the study and the confidentiality of their information. In addition, their consent was obtained before conducting the interviews. The interviews were anonymized and uploaded into the qualitative software NVivo for coding and thematic analysis as described below.

Semi-structured interviews were conducted between [04/2026] and [06/2026] with the 15 selected participants. Interviews were conducted through face-to-face meetings / online videoconferencing / a combination of both, depending on participants availability and logistical circumstances. Each interview lasted approximately [40–55] minutes, allowing participants sufficient time to elaborate on their professional experiences and perceptions.

The interviews were conducted in French language with participants' consent; the interviews were audio-recorded and subsequently transcribed verbatim. Where interviews were conducted in French, the relevant transcripts were translated into English for the purposes of analysis and presentation in the manuscript. Particular attention was paid to preserving the meaning and contextual nuance of participants' statements during translation.

Table 2. Sample description.

Participant ID	Genre	Profile	Experience
I1	Woman	Financial Consultant	9 years
I2	Man	Financial Executive	8 years
I3	Man	Financial Executive	2 years
I4	Woman	Auditor	3 years
I5	Man	Financial Professor	15 years
I6	Man	Public Accountant	4 years
I7	Man	Public Auditor	7 years
I8	Man	Accounting Assistant	1 year
I9	Woman	Certified Public Accountant	14 years
I10	Man	Finance Researcher	8 years
I11	Man	Public Auditor	10 years
I12	Woman	Internal Controller	1 year
I13	Man	Financial Executive	15 years
I14	Man	Auditor	4 years
I15	Man	Tax Researcher	4 years

3. DATA CLEANING AND THEMATIC STRUCTURE

After the collection, Nvivo software was used to manage and store the qualitative data, conduct coding, and identify associations between themes and sub-themes as described below. A thematic analysis was conducted using a deductive approach to organize the raw data into essential categories. In other words, the

The codebook included such categories as the integration of ESG principles and corporate tax responsibility, the role of internal control in preventing tax fraud, the complementarity of ESG governance mechanisms and internal control systems, decoupling and managerial opportunism, and the role of ethical culture, accountability, digitalization and AI, auditing, and ESG tax indicators in tax fraud prevention. As such, the themes were identified based on the similarities among the codes and the research questions. After coded items were analyzed by the researchers, the following five themes emerged: the integration of ESG principles and corporate tax responsibility, the role of internal control in preventing tax fraud, complementarity of ESG governance mechanisms and internal control systems, decoupling and managerial opportunism, and the role of ethical culture, accountability, digitalization and AI, auditing, and ESG tax indicators in tax fraud prevention.

Several procedures were adopted to strengthen the trustworthiness of the qualitative findings. Credibility was supported through prolonged engagement with the interview material, comparison of responses across participants and professional groups, iterative coding, and consideration of contradictory and negative cases. Dependability was enhanced through a systematic analytical procedure in which the coding framework, definitions of codes, and thematic structure were progressively reviewed and refined. Confirmability was addressed through researcher reflexivity and by grounding interpretations in the participants' accounts rather than in researchers' expectations alone. Finally, transferability was supported by providing sufficient contextual information concerning the Moroccan institutional setting, participant characteristics, professional backgrounds, and research procedures.

IV. RESULTS

Figure 3 highlights the main identified thematic clusters in the experts' interviews composed of the shift toward sustainable taxation, the operational role of internal control, the decoupling paradox, and the future socio-technical landscape driven by digitalization. It uncovers the underlying process of integrating Environmental, Social, and Governance (ESG) principles into corporate tax practices to facilitate sustainable tax audits. We can see the complexity of the governance process that doesn't rely solely on formal ESG commitments but extends to the rigorous application of internal controls and the mitigation of managerial opportunism, mechanisms that should be balanced to derive reliable tax data for audits.

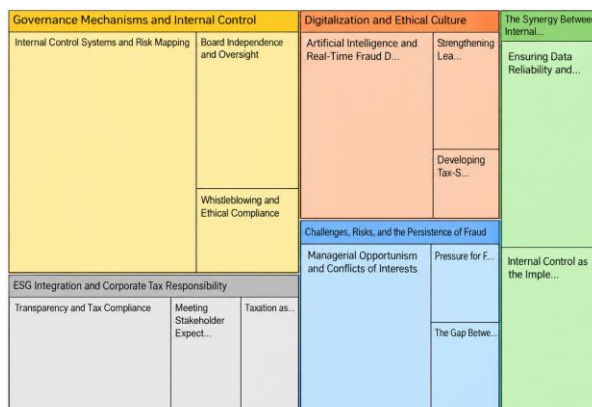


FIGURE 1. Hierarchy of themes.

This cluster shows the greatest convergence among the experts. It highlights the primary thematic areas that describe the ESG tax governance process and its implications on sustainable tax audits. Starting with the paradigm shift towards tax responsibility, the fundamental necessity of internal control systems, the challenges related to financial pressures, and the solution in terms of transparent KPIs and artificial intelligence. This highlights the prominent role of control and technology in the expert discourse, especially AI as a tool that could increase objectivity and real-time oversight during audits.



FIGURE 2. Hierarchical diagram of the governance mechanisms.

The experts highlight that the integration of ESG principles is directly associated with a shift in how taxation is perceived by the board of directors and executives, transitioning from a mere cost to a societal duty: "I think the integration of ESG principles changes the very vision of tax by the company, which becomes less of a burden and more of an active contribution to society and economic life." (I.15)

"Taxation would no longer be perceived solely as a financial constraint to optimize but also as a responsibility related to the company's contribution to financing public services..." (I.12)

The interviewees report that the integration of these principles triggers behavioral reactions that prioritize long-term sustainability over aggressive short-term financial management. The board of directors plays a key role in balancing these objectives: "On the governance level, the board of directors must ensure that tax and financial decisions respect applicable rules... The objective must therefore not be solely to reduce the tax burden, but to seek a balance between optimization, compliance, and tax responsibility." (I.8)

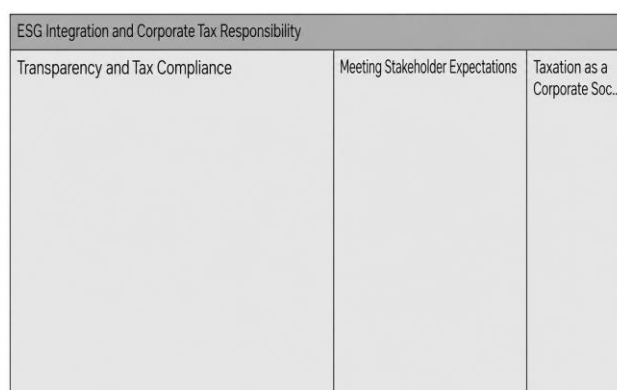


FIGURE 3. Hierarchy of themes of the ESG integration and tax responsibility.

This theme highlights the operational tools necessary to enforce ESG commitments. The experts interviewed emphasized that the specific implementation of internal control procedures serves as the primary frontline factor capable of ensuring data reliability for sustainable tax audits: "The internal control system plays a central role in preventing, detecting, and controlling tax fraud risks, through the segregation of duties... and accounting reconciliations." (I.7)

“The internal control system is the first degree of control before internal and external audits and helps secure the company's assets against all types of tax fraud practices... through tools such as the segregation of duties matrix.” (I.10)

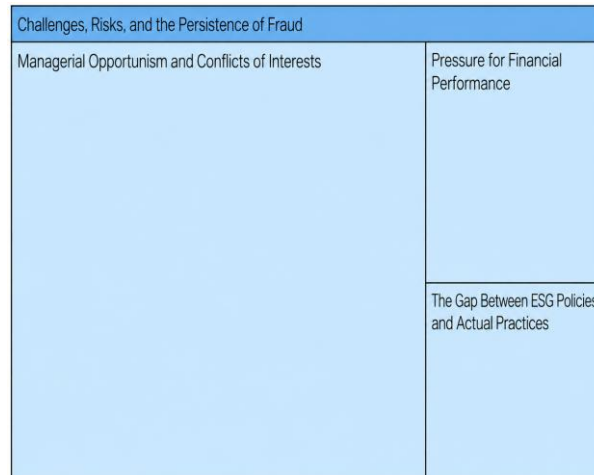


FIGURE 4. Hierarchy of themes of challenges, risks and persistence of fraud.

This cluster focuses the vital interdependence between high-level ESG governance and frontline operations. The experts pointed out that one cannot function without the other; internal control acts as the concrete translation of ethical policies: “Governance may decide that tax transparency and ethics are important, but then procedures and controls are needed for these principles to be truly applied. For example, if a company claims to have a policy against fraudulent practices, but there is no control to verify tax operations, the principle remains essentially theoretical.” (I.12)

“It thus constitutes a link between ESG governance and the actual practice of the company, particularly in terms of compliance and tax responsibility.” (I.8)

Furthermore, a robust internal control system is essential to prevent corporate hypocrisy during tax audits: “An effective internal control ensures a rigorous and operational application of ESG principles... It also guarantees data reliability, thus avoiding reporting erroneous information about the real situation and practices such as greenwashing.” (I.15)

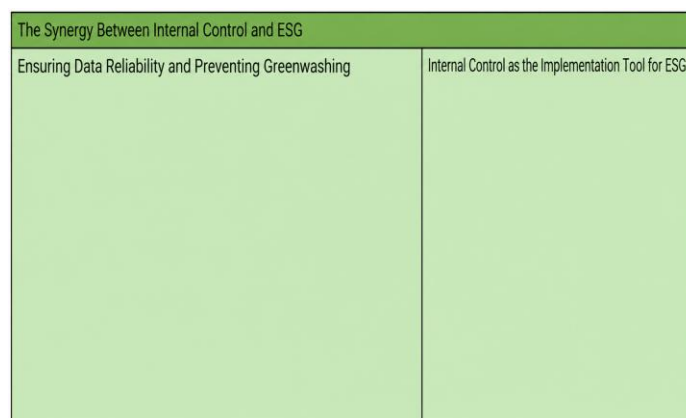


FIGURE 5. Hierarchy of themes of the synergy between internal control and ESG.

This thematic cluster describes the deep institutional friction reported by experts regarding the decoupling between formal ESG policies and actual corporate practices. Participants stated that because of intense pressure for financial performance and internal conflicts, companies often maintain hidden, aggressive tax strategies: “Conflicts of interest and agency problems: some executives or managers may pursue their personal interests despite the company's ESG policies.” (I.7)

“There can indeed be a gap between the formally implemented mechanisms and their actual application. In my opinion, this is one of the main problems resulting from the effects of managerial opportunism and conflicts of interest.” (I.9)

They note that managerial opportunism raises risks for the audited entity, making formal ESG commitments merely a marketing facade rather than an auditable reality: “It's a paradox linked to pressures and executive opportunism. A company might indicate that it practices ESG policies to gain legitimacy, but in reality, it's just external marketing.” (I.15)

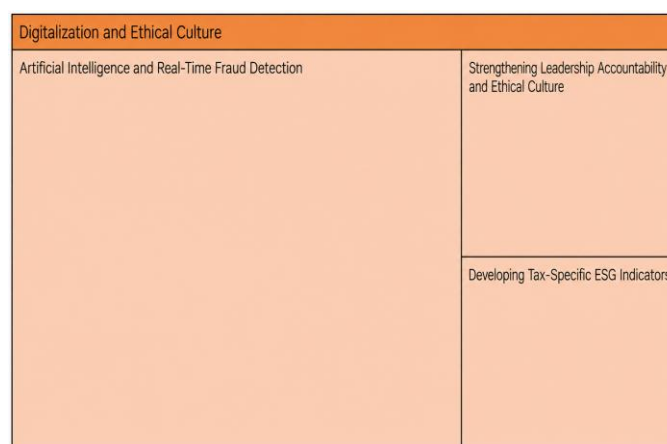


FIGURE 6. Hierarchy of themes of digitalization and ethical culture.

This theme focuses on the structural changes and technological solutions required to improve sustainable tax audits in the long term. The participants identified digitalization and specific tax KPIs as direct mechanisms to de-escalate the risks of fraud and managerial decoupling: “This requires... relying on artificial intelligence tools to predict tax risks before tax fraud is detected.” (I.10)

“We need greater use of artificial intelligence and data analysis to automatically detect tax anomalies and irregularities.” (I.7)

In addition to predictive technology, the experts advocate for the standardization of purely tax-related ESG metrics to transform these ethical commitments into enforceable constraints: “I think ESG indicators should, for example, evolve to encompass taxation with criteria such as tax disputes by country or the effective tax rate paid.” (I.15)

V. DISCUSSIONS

1. ESG PRINCIPLES AND CORPORATE TAX RESPONSIBILITY

Corporate Tax Responsibility and ESG governance are increasingly viewed as complementary dimensions of corporate governance. ESG governance is grounded in principles of transparency, ethics, and accountability across environmental, social, and governance domains. Meanwhile, tax responsibility reflects a company's commitment to adopting tax practices that are fair, transparent, and compliant with both the letter and the spirit of the law thereby transcending mere legal compliance. Consequently, integrating ESG principles into governance mechanisms can foster the adoption of more prudent and responsible tax policies

while curbing aggressive tax optimization strategies that could damage the company's reputation and undermine stakeholder trust.

Against this backdrop, Al-Khleifat et al. [33] analyze the determinants influencing tax decision-making in Jordan from the perspectives of income tax and sales tax auditors. Their findings highlight the impact of both internal and external factors on tax audit practices and taxpayer behavior. Key factors include auditor independence, professional experience, and the level of taxpayer awareness, all of which play a pivotal role in tax-related decisions. The authors emphasize the need to enhance professional training for auditors, ensure their independence, and improve taxpayer education and awareness to promote greater transparency, fairness, and efficiency within the tax system.

In this context, taxation can be viewed as an indicator of the quality of a company's overall governance, particularly regarding the effectiveness of oversight and control bodies such as the board of directors and the audit committee. Effective governance strengthens the supervision of tax-related decisions and curbs behaviors that could increase the company's exposure to tax risks. Furthermore, governance exerts a more direct influence on tax risk management specifically through board independence, the effectiveness of the audit committee, and the quality of internal control systems [34, 35]. These mechanisms help improve the monitoring of tax practices, the reliability of financial information, and the transparency of management decisions. Thus, ESG practices can contribute to strengthening tax compliance and enhancing the quality of corporate governance. This relationship aligns with existing literature, which suggests that superior ESG performance is associated with reduced tax fraud and improved corporate compliance behavior. Environmental and social dimensions can indirectly influence tax behavior by fostering an organizational culture rooted in ethics and responsibility, whereas governance mechanisms exert a more direct influence on tax risk control, transparency, and management accountability.

2. THE ROLE OF INTERNAL CONTROL IN TAX GOVERNANCE

Implementing effective internal control systems enables companies to reduce agency conflicts and better align the objectives of executives with those of shareholders [36]. From this perspective, high-quality internal control can strengthen executives' incentives to employ tax planning strategies [37]. Furthermore, robust internal control mechanisms facilitate the flow and sharing of information across various corporate functions, thereby enhancing the efficiency of tax strategy implementation and potentially fostering corporate tax avoidance behaviors [38]. Work [39] support a similar perspective by showing that a high-quality internal information environment can facilitate coordination across organizational functions and enhance firms' ability to implement tax planning strategies.

Some studies highlight an inverse relationship between internal control and tax avoidance. Gleason et al. [40] emphasize that tax avoidance strategies often rely on close coordination among the various components of internal control systems. Consequently, standardized and rigorous internal control mechanisms can curb particularly aggressive tax avoidance practices. Similarly, Gallemore and Labro [39] demonstrate that internal controls aimed at ensuring compliance with laws and regulations contribute to operational stability and help mitigate the legal and reputational risks associated with aggressive tax strategies, thereby protecting investor interests.

From an information economics perspective, firms with weak internal control systems generally exhibit lower levels of governance efficiency and transparency. In this context, managers may exploit information asymmetries to make decisions that could compromise the firm's long-term interests. Conversely, firms with robust internal control systems place greater emphasis on risk management in their tax decision-making, which can help preserve and enhance firm value [41]. To improve internal control effectiveness, organizations should strengthen managerial support, allocate adequate resources, enhance interdepartmental communication, and ensure the effective implementation of audit recommendations [42]. Furthermore, [11, 43, 44] suggest that robust corporate governance and high-quality audits can effectively mitigate tax-risk practices among Moroccan listed firms by strengthening oversight, transparency, and accountability.

In the absence of sufficient institutional and organizational constraints, tax planning can evolve into practices that potentially harm investors' interests. In companies characterized by weak internal controls,

inadequate information disclosure and feeble oversight mechanisms may encourage executives to prioritize aggressive tax avoidance strategies to achieve short-term gains, at the expense of long-term value creation. Furthermore, financial markets may interpret certain tax avoidance behaviors as a negative signal potentially increasing stock price volatility or triggering capital outflows thereby reducing the firm's value [45].

In this context, strengthening tax administration can help offset certain governance deficiencies stemming from flawed internal control systems. More effective tax oversight can thus foster better corporate governance, enhance the quality of financial reporting, and curb opportunistic tax behaviors. The effectiveness of this external oversight nevertheless depends on multiple organizational and auditor-related determinants that shape tax audit performance [46].

3. MANAGERIAL OPPORTUNISM AND THE LIMITS OF ESG POLICIES

The results highlight the limits of ESG mechanisms in fortifying corporate responsibility related to tax behavior. The interviewees stress the potential mismatch between disclosure and effective ESG implementation; this relates to the gap between the policies formulated by the management in corporate disclosure and the operational and daily practices. In the presence of strong pressure toward aggressive tax behavior, managers tend to prioritize short-term gains rather than compliance to ESG values and transparency principles, despite their importance in fostering public and investors' trust. Through the lens of the agency theory, this can be explained as managers holding more information about the true situation of the company than external stakeholders. Their opportunism can emerge when there is a need for arbitrage between minimizing tax liabilities and long-term objectives, which they may not benefit from during their mandate.

This is due to the misalignment between the company's goals and managerial incentives that are mostly based on financial metrics and objectives. Prior research supports this point, with incentive-driven managerial behaviors leading to tax-aggressive behavior when their discretion is high [31], creating informational opacity and exacerbating agency costs [30]. Study [27] find similar results with personal characteristics and environment interaction leading to issues related to tax planning, especially when these mechanisms are ineffective. This is due to the structural misalignment of these goals, and as long as managerial incentives are based on profits, cash flow, or costs, the temptation to evade will be present, with interviewees suggesting that the structural issue is related to a lack of reconciliation between these divergent goals. Recent qualitative evidence from Morocco similarly indicates that managerial psychological characteristics, cognitive processes, and contextual factors can shape executives' propensity to engage in aggressive corporate tax behavior [47].

In the institutional theory perspective, interviewees highlight that the drivers of ESG governance stem from the company's goal to attain legitimacy in the eyes of external stakeholders by disclosing their strict adherence to ESG principles while having limited implementation; it is the decoupling effect where formalism is more pronounced than true operational practice, often to satisfy stakeholders. This is especially relevant in the context of tax behavior, as it's often difficult to control and is subject to managerial discretion. ESG governance may serve as a shield that hides malpractice, with interviewees suggesting that it may be used to show an image of compliance and sound corporate behavior in the eyes of the public, portraying a positive image of the company. Authors like Col and Patel [32] found that in the context of the rise of tax havens, some companies resort to CSR activities to hide potential reputational damage.

Furthermore, the theory can also explain the failure of ESG governance goals due to the lack of external oversight, with interviewees asserting that this governance largely depends on organizational culture and implemented guardrails. Work [28] find similar results and that organizational ethical culture impacts tax evasion level, aside from formal auditing mechanisms. The findings highlight that ESG governance may fail if it's not deeply embedded in the firm's culture and aligned with the objectives and goals of management, and the sole presence of ESG committees and reporting is not sufficient to prevent corporate tax misbehavior, leading to a decoupling effect where the ESG is more symbolic than truly practiced.

4. ETHICAL CULTURE, WHISTLEBLOWING, ENFORCEMENT AND DIGITALIZATION IN PREVENTING CORPORATE TAX FRAUD

The paper's findings highlight the importance of ESG governance and internal control in reducing corporate tax fraud opportunities and ensuring compliance. Among the main mechanisms used to bolster the ethical culture in firms is the formalization of whistleblowing and accountability mechanisms in parallel with strong corporate governance. These factors help to attain rigorous oversight due to the limits of formal structures in ensuring the monitoring of managerial and taxation behaviors effectively. First, ethical culture in firms ensures that all employees and managers are knowledgeable and follow ESG objectives in their daily activities and when setting up financial reporting.

This is crucial as the financial practices of firms are mainly guided by their leadership vision; if they are not based on clear ethical guidelines, they may lead to tax planning or fraud in order to attain performance objectives, prompting employees to follow their own interests, with studies finding that ethical corporate culture is significantly associated with lower tax evasion levels [28]. This aligns with the fraud triangle theory, where the act of fraud is guided by the perception of the opportunity and the rationalization of the act. ESG governance reduces the first part by enhancing transparency and bolstering external oversight, acting as a deterrent and making the act of fraud less attractive [15].

This transparency is also enhanced with internal mechanisms for divulging malpractice by the firms' employees, enhancing management accountability and providing alternative oversight mechanisms. Whistleblowing ranks among the main channels for ensuring the practical implementation of ethical guidelines that remain conceptual, consistent with classic whistleblowing research [48, 49]. The whistleblower detects violations of internal control mechanisms and limit managerial opportunism for engaging in tax fraud. This is especially effective with employees who prepare financial reporting and taxes, because they have unique information about the true situation of the firm, and they may be crucial in limiting information asymmetry. However, the effectiveness of this mechanism rests on the organization's ability to take their report seriously, protect the whistleblower, and independently investigate the detected fraud by triggering independent oversight mechanisms to look into the violations. Work [27] find with international evidence that narcissism among CEOs is associated with more aggressive tax strategies, whereas the strength of the audit committee moderates this relationship. Work [26] show that the expertise and experience of oversight structures is negatively associated with the opportunistic behavior of leadership. Consequently, the integrity of the decision-making mechanisms within firms can be strengthened to prevent tax fraud by enhancing the accountability of managers through independent oversight structures.

Furthermore, the sanctions of fraudulent behavior also have to deter the potential benefits of fraud, with the disciplinary measures being at the same proportion of the detected violations, reducing the attractiveness of such behavior. This is further enhanced with the implementation of digitalization through all of the company's processes, especially in its governance structures. It allows for continuous auditing with real-time information about financial metrics being available to the board of directors and audit committee, who take practical and effective measures to mitigate potential fraudulent behaviors. This shows the necessity to develop both formal and informal mechanisms to ensure tax compliance and mitigate managerial opportunism. In the Moroccan context, digital transformation reshapes auditors' methods and practices and can support improvements in audit quality [50, 51]. Artificial intelligence can further strengthen fraud prediction, financial risk assessment, and audit targeting, although its governance potential depends on balancing predictive performance with explainability, fairness, taxpayer trust, and due-process considerations [52, 53].

VI. CONCLUSION

This study aimed to explore how ESG governance and internal control mechanisms could work together to prevent companies' tax fraud and improve tax behavior. The results of the study make it possible to conclude that these two factors contribute to the enhancement of corporate tax compliance only if they are designed and implemented in a coordinated manner. First of all, the interview results showed that the integration of ESG principles into corporate taxation practices could help to improve the perception of

taxation in society. The participants in the study pointed out that ESG principles could help to move from the perception of taxes as expense to the understanding of taxation as the company's economic responsibility. At the same time, it was stressed that this transformation will be effective only if ESG principles are translated into specific tax-related governance and control mechanisms. Second, the participants emphasized that the current internal control mechanisms are not sufficient to ensure tax compliance and prevent tax fraud. They stressed that such preventive measures as segregation of duties, reconciliation of accounting and tax statements, reliable information management systems, and effective auditing contribute to tax compliance. Third, the study identified the possibility of the "decoupling" of ESG practices from actual company behavior, which might lead to undesirable tax behaviors.

The results of the study revealed that ESG principles and internal control mechanisms should work together to ensure tax compliance and prevent tax fraud. They also showed that the current internal control system has considerable limitations in terms of ensuring tax compliance. As a result, ESG governance mechanisms should be accompanied by the improvement of internal control, ethics, and accountability mechanisms. Moreover, ESG governance and internal control mechanisms should work together to reduce the moral hazard problem. The study showed that such factors as whistleblower policies, independent auditing, effective sanctions, and managerial responsibility play an essential role in reducing tax fraud and tax avoidance.

The implementation of ESG-related indicators also helps to ensure accountability and measure tax performance. Artificial intelligence technologies contribute to the effectiveness of monitoring and controlling mechanisms in terms of detecting tax fraud and tax avoidance. Fourth, the results of the study showed that the ESG principles and internal control mechanisms should work together to ensure tax compliance and reduce tax fraud and avoidance. They also demonstrated that companies' tax behaviors are influenced by a variety of interrelated factors. Thus, the integration of ESG governance and control factors into the tax management system is needed to transform the system into a new framework. Fifth, the results of the study also contribute to the theoretical foundation of corporate tax fraud and compliance, as they offer new perspectives on the connection between ESG governance, internal control, and tax compliance.

The study has several limitations, as it was based on a relatively small sample of participants. In addition, the research methodology used in the study is suitable for the generation and illustration of theories rather than the testing of these theories. Therefore, the study could be extended by conducting quantitative studies that would operationalize the key findings and test them against a large body of data. Further studies are needed to test the applicability of the findings obtained within the framework of this study to specific populations and contexts.

Such populations include firms with different levels of ESG maturity and internal control capabilities. Further scientific research in the field could be focused on studying the differences in the relationship between ESG governance and internal control, tax compliance, and tax fraud. One of the future research priorities is to determine how the application of artificial intelligence in accounting contributes to the prevention of tax fraud and compliance. Another priority is to test the feasibility of introducing standardized ESG-related indicators to measure corporate tax responsibility. These indicators will help to distinguish between superficial and substantial ESG practices and demonstrate how these practices correlate with tax behaviors.

This study aimed to explore the way ESG governance and internal control mechanisms could work together to prevent company's tax fraud. The results of the study revealed that ESG governance and internal control mechanisms contribute to the prevention of tax fraud if they work together to improve tax accountability and compliance. First of all, the integration of ESG principles into corporate taxation practices helps to transform taxation into a feature of the company's economic responsibility. The study also revealed that the prevention of corporate tax fraud and the achievement of tax compliance require an improvement of all existing governance and control mechanisms. In addition to enhancing the traditional mechanisms of tax control and governance, such as independent auditing and segregation of duties, companies should also invest into the development and improvement of monitoring systems, ESG-related whistleblowing mechanisms, and digital technologies. These transformations will ensure tax compliance and help to prevent tax fraud, tax avoidance, and other undesirable tax behaviors.

Conflicts of Interest

The authors declare no conflicts of interest.

Author Contributions

Conceptualization, Z.E.I. and H.E.K.; methodology, Z.E.I. and H.E.K.; validation, H.T. and A.A.; formal analysis, Z.E.I.; investigation, H.E.K. and H.T.; resources, H.E.K.; data curation, A.A.; writing—original draft preparation, Z.E.I.; writing—review and editing, H.E.K. and A.A.; visualization, H.T.; supervision, Z.E.I.; project administration, H.E.K. All authors have read and agreed to the published version of the manuscript.

Funding Statement

This study has no external funding.

Data Availability Statement

Data are available from the authors upon request.

Acknowledgments

Not applicable.

REFERENCES

1. Abd Aziz, M. A., Ab Rahman, H., Alam, M. M., & Said, J. (2015). Enhancement of the accountability of public sectors through integrity system, internal control system and leadership practices: A review study. *Procedia Economics and Finance*, 28, 163–169.
2. Al-Khleifat, S., Abu Siam, Y., Nassar, M., & Sharairi, M. H. (2024). Determinants of tax decisions in Jordan: Income and sales auditor perspective. *Journal of Risk and Financial Management*, 17(12), 579.
3. Alshirah, A. F. (2025). Do corporate governance, internal control and economic determinants matter? Value added tax non-compliance from perspective of external auditors: Jordanian evidence. *International Journal of Ethics and Systems*. Advance online publication.
4. Ashbaugh-Skaife, H., Collins, D. W., Kinney, W. R., & Lafond, R. (2009). The effect of SOX internal control deficiencies on firm risk and cost of equity. *Journal of Accounting Research*, 47(1), 1–43.
5. Azenzoul, A., Mahouat, N., El Gharbaoui, O., Tayazime, J., Moussaid, A., & Mokhlis, K. (2026). FinTech integration and tax compliance: A systematic literature review of risk, criminal justice challenges, and due process implications. *Journal of Risk and Financial Management*, 19(7), 457.
6. Azenzoul, A., Mahouat, N., & Mokhlis, K. (2026). Artificial intelligence and corporate governance: Strengthening oversight mechanisms to mitigate tax avoidance. *Corporate Governance: The International Journal of Business in Society*, 1–27.
7. Azenzoul, A., Mahouat, N., Vandapuye, S., Nait Slimane, S., Jbene, M., & Mokhlis, K. (2026). From predictive accuracy to algorithmic justice: Mapping the multidimensional impact of AI in tax auditing. *Journal of Risk and Financial Management*, 19(5), 354.
8. Azenzoul, A., & Mokhlis, K. (2025). Les facteurs affectant la performance du contrôle fiscal : Revue de littérature. *International Journal of Accounting, Finance, Auditing, Management and Economics*, 6(11), 347–365.
9. Azenzoul, A., & Mokhlis, K. (2025). L'impact de la digitalisation sur la performance de l'administration fiscale : Cas de la Direction générale des impôts. *Revue du contrôle, de la comptabilité et de l'audit*, 9(4), 1–27.
10. Azenzoul, A., Nait Slimane, S., Dridat, M., Elouidani, R., Mahouat, N., & Mokhlis, K. (2026). CEO psychology and corporate tax aggressiveness: Expert-based qualitative evidence from Morocco. *Environment and Social Psychology*, 11(2), ESP-4522.
11. Bauer, A. M. (2016). Tax avoidance and the implications of weak internal controls. *Contemporary Accounting Research*, 33(2), 449–486.
12. Bauer, A. M., Fang, J., Pittman, J. A., Zhang, Y., & Zhao, Y. (2020). How aggressive tax planning facilitates the diversion of corporate resources: Evidence from path analysis. *Contemporary Accounting Research*.
13. Benkraiem, R., Uyar, A., Kılıç, M., & Schneider, F. (2021). Ethical behavior, auditing strength, and tax evasion: A worldwide perspective. *Journal of International Accounting, Auditing and Taxation*, 43, 100380.
14. Chouaibi, J., Rossi, M., & Abdessamed, N. (2021). The effect of corporate social responsibility practices on tax avoidance: An empirical study in the French context. *Competitiveness Review: An International Business Journal*.
15. Col, B., & Patel, S. (2019). Going to haven? Corporate social responsibility and tax avoidance. *Journal of Business Ethics*, 154, 1033–1050.

16. Cortesi, A., & Vena, L. (2019). Disclosure quality under integrated reporting: A value relevance approach. *Journal of Cleaner Production*, 220, 745–755.
17. Desai, M. A., & Dharmapala, D. (2009). Corporate tax avoidance and firm value. *The Review of Economics and Statistics*, 91(3), 537–546.
18. Deslandes, M., Fortin, A., & Landry, S. (2019). Audit committee characteristics and tax aggressiveness. *Managerial Auditing Journal*.
19. Dewani, S., & Setiyawati, H. (2025). Tax digitalization and cooperative compliance: A trust-mediated model of tax compliance. *Jurnal Ilmiah Akuntansi Kesatuan*, 13(4), 955–960.
20. Gallemore, J., & Labro, E. (2015). The importance of the internal information environment for tax avoidance. *Journal of Accounting and Economics*, 60(1), 149–167.
21. García-Meca, E., Ramón-Llorens, M., & Martínez-Ferrero, J. (2021). Are narcissistic CEOs more tax aggressive? The moderating role of internal audit committees. *Journal of Business Research*, 129, 223–235.
22. Gharrafi, M., Fellah, I. B., Loubna, A., Mahouat, N., & Abderrahim, B. E. N. L. A. K. O. U. I. R. I. (2024). Exploring the external factors affecting the effectiveness of internal audit in Moroccan public enterprises with commercial activities: A qualitative approach. *Edelweiss Applied Science and Technology*, 8(6), 7419–7429.
23. Gharrafi, M., Mahouat, N., Mohammed, K., Kobi, H., Abderrahim, B., & Souad, H. (2024). The importance of good corporate governance practices and internal audit in the prevention of fraud: The case of Moroccan public enterprise [L'importance des pratiques de bonne gouvernance et de l'audit interne sur la prévention de la fraude: Cas des entreprises publiques marocaines]. *HAL Open Science*.
24. Ghoul, S. E., Guedhami, O., Kim, Y., & Yoon, H. (2026). Tax avoidance and ESG disclosure mandates: International evidence. *Journal of International Business Studies*.
25. Bimo, I. D., Prasetyo, C. Y., & Susilandari, C. A. (2019). The effect of internal control on tax avoidance: The case of Indonesia. *Journal of Economics and Development*, 21(2), 131–143.
26. Hanlon, M., & Slemrod, J. (2009). What does tax aggressiveness signal? Evidence from stock price reactions to news about tax shelter involvement. *Journal of Public Economics*, 93(1–2), 126–141.
27. Harasheh, M., & Provasi, R. (2023). A need for assurance: Do internal control systems integrate environmental, social, and governance factors? *Corporate Social Responsibility and Environmental Management*, 30(1), 384–401.
28. Hu, C., & Xiong, J. (2025). ESG disclosure and corporate payroll tax compliance. *Emerging Markets Finance and Trade*, 62, 1843–1863.
29. Li, Q., Maydew, E. L., Willis, R. H., & Xu, L. (2022). Taxes and director independence: Evidence from board reforms worldwide. *Review of Accounting Studies*, 28, 910–957.
30. Liu, D., & Chen, J. (2026). Interplay between internal control and tax regulation mechanisms on corporate tax avoidance. *International Review of Economics & Finance*, 105428.
31. Mahouat, N., Azenzoul, A., Benlakouiri, A., & Mokhlis, K. (2025). Contribution de la transformation digitale à l'amélioration de la qualité de l'audit externe dans les établissements publics : Étude qualitative dans le contexte marocain. *Alternatives Managériales Economiques*, 7(4), 107–130.
32. Mahouat, N., Azenzoul, A., Nait Slimane, S., Es-Sanoun, M., Mokhlis, K., & Jbene, M. (2025). Corporate governance and tax aggressiveness: The moderating role of audit quality. *Journal of Risk and Financial Management*, 19(1), 10.
33. Mahouat, N., & El Gharbaoui, O. (2024). Proposal for a conceptual model on the role of digitalization in improving external audit quality.
34. Mahouat, N., Gharrafi, M., Wissa, H., Rachida, B., Abdelaziz, B., & Zaim, M. (2024). Impact of cooperation between internal and external auditors on internal audit effectiveness in Moroccan public companies: Analysis using the structural equation modeling (SEM). *Pakistan Journal of Life and Social Sciences*, 22(2), 7046–7059.
35. Mansour, M., & Alomair, M. (2026). Institutional quality, ESG performance, and aggressive tax planning in developing countries. *Sustainability*.
36. Marques, M., Montenegro, T. M., & Brás, F. (2023). Tax avoidance and corporate social responsibility: A meta-analysis. *The Journal of the American Taxation Association*.
37. Menicacci, L., & Simoni, L. (2024). Negative media coverage of ESG issues and corporate tax avoidance. *Sustainability Accounting, Management and Policy Journal*.
38. Miceli, M. P., Near, J. P., & Dworkin, T. M. (2008). *Whistle-blowing in organizations*. Routledge.
39. Mitroulia, M., Chytis, E., Kitsantas, T., Skordoulis, M., & Kalantonis, P. (2025). ESG strategy and tax avoidance: Insights from a meta-regression analysis. *Journal of Risk and Financial Management*.

40. Nayyef, Y. H. (2026). The role of environmental, social, and governance (ESG) accounting disclosure in enhancing tax planning and corporate governance: An applied study on industrial sector companies in Salah Al-Din Governorate. *Academia Open*, 11(1), 10–21070.
41. Near, J. P., & Miceli, M. P. (1985). Organizational dissidence: The case of whistle-blowing. *Journal of Business Ethics*, 4, 1–16.
42. OECD. (2021). *Behavioural insights for better tax administration: A brief guide*. OECD Publishing.
43. OECD. (2021). *Building tax culture, compliance and citizenship: A global source book on taxpayer education* (2nd ed.). OECD Publishing.
44. OECD. (2022). *Building trust to reinforce democracy: Main findings from the 2021 OECD survey on drivers of trust in public institutions*. OECD Publishing.
45. OECD. (2022). *Tax policy and gender equality: A stocktake of country approaches*. OECD Publishing.
46. Russo, K. (2019). Superiority of the VAT to turnover tax as an indirect tax on digital services. *National Tax Journal*, 72(4), 857–880.
47. Saleh, M., Amin, H. M. G., & Elamer, A. A. (2025). Corporate social responsibility, tax behavior, and institutional context: An empirical analysis. *Corporate Social Responsibility and Environmental Management*.
48. Wahyuni-TD, I. S., Haron, H., & Fernando, Y. (2021). The effects of good governance and fraud prevention on performance of the zakat institutions in Indonesia: A Shari'ah forensic accounting perspective. *International Journal of Islamic and Middle Eastern Finance and Management*, 14(4), 692–712.
49. Wallace, W. A., & Kreutzfeldt, R. W. (1991). Distinctive characteristics of entities with an internal audit department and the association of the quality of such departments with errors. *Contemporary Accounting Research*, 7(2), 485–512.
50. Wang, J., Chen, Y., & Wang, S. (2024). Exploring the relationship between corporate ESG performance and corporate violation: Based on the fraud triangle theory. *Corporate Social Responsibility and Environmental Management*, 31(6), 5606–5626.
51. Pandapotan, F., Puspitasari, F., & Maharani, A. (2023). Internal control, audit quality, and tax avoidance: Evidence from property and real estates. *Neo Journal of Economy and Social Humanities*, 2(2), 71–77.
52. Yoon, B., Lee, J., & Cho, J. (2021). The effect of ESG performance on tax avoidance—Evidence from Korea. *Sustainability*, 13(12), 6729.
53. Zolotoy, L., O'Sullivan, D., Martin, G. P., & Wiseman, R. (2020). Stakeholder agency relationships: CEO stock options and corporate tax avoidance. *Journal of Management Studies*.