

# Linking ESG and Tax Compliance: Stakeholders' Perspectives

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## ABSTRACT

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This is an exploratory study to gain insight among tax and ESG practitioners on the linkage between ESG and tax compliance. Prior studies used secondary data to examine the association between ESG and tax avoidance and reported inconclusive results. This leads to speculative discussion to support the results, among which are corporate ethics and corporate hypocrisy. This motivates the study to examine the perception among parties involved to understand their views on the relationship. A total of 22 personnel representing firms, consultants, and regulator from various categories of organisations were interviewed. We found a gap between firms and tax regulators and consultant perception of the link between ESG and tax compliance. There is also an inconsistent perception among sustainability and tax personnel in firms. Interestingly, we found only the government-linked companies perceived tax compliance to be part of social components. Our study implies that there is evidence to support negative and no relationship between tax avoidance and ESG but no evidence to support corporate hypocrisy.

**Keywords:** ESG, tax, hypocrisy.