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CEO Duality and Corporate Tax Avoidance: The Moderating Role of Audit Quality in Vietnam

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Abstract

Background: Corporate tax avoidance remains a critical challenge in emerging markets where corporate governance frameworks and external monitoring mechanisms are continually developing. CEO duality, a structural configuration where the chief executive officer concurrently serves as the board chairperson, significantly shapes managerial incentives and can profoundly influence strategic tax-related decision-making.

Objective: This study examines the impact of CEO duality on corporate tax avoidance and evaluates the moderating influence of external audit quality within the context of an emerging economy.

Methodology: The empirical analysis utilises a balanced panel dataset comprising 2,552 firm-year observations from Vietnamese listed companies spanning the period 2016 to 2023. Tax avoidance is operationalised using accounting-based and cash-based effective tax rates, with book–tax differences employed as an alternative metric for robustness. To ensure statistical validity, the feasible generalised least squares estimator is applied to address potential heteroskedasticity and autocorrelation within the panel data.

Results: The findings indicate that CEO duality is positively and significantly associated with both accounting and cash effective tax rates, suggesting lower levels of corporate tax avoidance in firms maintaining combined leadership roles. Furthermore, the interaction between CEO duality and Big

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4 auditors is negative and statistically significant, demonstrating that high-quality external audits actively weaken the effect of CEO duality on corporate tax behaviour.

Conclusion: The study concludes that internal leadership structures and external audit quality function jointly in shaping corporate tax compliance. Structural concentration of managerial power yields different tax compliance outcomes when subjected to rigorous external oversight.

Unique Contribution: This research advances agency theory and corporate governance literature by providing empirical evidence of how external auditing mechanisms serve as a critical governance substitute that mitigates the power dynamics inherent in CEO duality, particularly within institutional environments characterised by weaker regulatory enforcement.

Key Recommendation: It is recommended that corporate regulators and financial market authorities in emerging economies design governance reforms that encourage the separation of the CEO and board chairperson roles. Additionally, policymakers should implement measures that incentivise listed companies to enlist high-quality, independent external auditors to safeguard financial transparency and enhance corporate tax compliance.

Keywords: Audit quality; CEO duality; corporate governance; emerging markets; tax avoidance; Vietnam.

Introduction

Corporate tax avoidance has garnered increasing attention in both academic research and public discourse, particularly following extensive media coverage of the tax practices adopted by multinational corporations such as Apple, Facebook, and Starbucks. Despite the widespread perception that tax avoidance is pervasive, many firms continue to remit substantial amounts of corporate income tax. Previous research documents significant heterogeneity in tax outcomes across firms, raising crucial questions regarding why some entities engage aggressively in tax avoidance while others report effective tax rates near, or even exceeding, statutory rates despite similar tax planning opportunities (Dyreng et al., 2017). Although successful tax avoidance can enhance after-tax cash flows and potentially increase shareholder value, its desirability and sustainability are critically dependent on the effectiveness of corporate governance mechanisms that discipline managerial behaviour and reconcile stakeholder interests (Austin & Wilson, 2017; Salehi et al., 2024).

Consequently, the relationship between corporate governance and corporate tax avoidance has become a pivotal topic in the accounting and finance literature (Wilde & Wilson, 2018). Existing research examines a broad range of governance mechanisms and their implications for tax-related conduct, including executive compensation incentives, board structure and characteristics, taxpayer-related behavioural and individual attributes (Dung et al., 2023), and the role of external auditing as a monitoring tool (Klassen et al., 2016). While these investigations offer valuable insights, the overall body of evidence remains inconclusive, and prior reviews indicate that the efficacy of governance mechanisms in limiting tax avoidance is highly context-dependent (Kovermann & Velte, 2019). Furthermore, a significant portion of the empirical evidence is drawn

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from developed economies, limiting its applicability to emerging markets, where ownership concentration tends to be higher and internal governance mechanisms may be less robust.

Within this body of literature, the role of CEO duality—where the chief executive officer concurrently serves as chair of the board—has garnered comparatively limited and inconclusive attention. Some research suggests that CEO duality diminishes board oversight and promotes more aggressive tax strategies (Salehi et al., 2024), whereas other studies report no significant correlation or even evidence of more conservative tax behavior under unified leadership structures. These conflicting findings imply that the effect of CEO duality on tax avoidance is likely dependent on institutional contexts and the existence of supplementary governance mechanisms.

Vietnam provides a particularly suitable environment to examine the relationship between governance and tax avoidance due to several unique institutional features. First, ownership structures are highly concentrated, with many firms controlled by founding families or controlling shareholders. Second, board independence remains somewhat limited, and governance mechanisms are still evolving compared to more mature ASEAN markets. Third, recent regulatory reforms have enhanced oversight of corporate tax practices. These characteristics make Vietnam an ideal setting for analyzing how internal governance mechanisms interact with external monitoring.

In the Vietnamese context, several studies examine the general relationship between corporate governance and tax avoidance, including CEO duality as a governance attribute (Ha, 2021; Pham et al., 2024). However, no prior study explicitly examines whether audit quality moderates the relationship between CEO duality and corporate tax avoidance. Moreover, existing Vietnamese evidence relies on different sample periods—such as 2010–2018 and 2017–2022—and reports inconsistent results. Addressing these gaps, this study provides a comprehensive analysis of the CEO duality–tax avoidance nexus in Vietnam and extends the literature by examining the moderating role of audit quality within an agency-based governance framework. In doing so, the study contributes new evidence from an emerging market characterised by concentrated ownership and evolving governance institutions.

Moreover, Vietnam's tax environment has become more rigorous in recent years. The country's adoption of the global minimum tax under Resolution No. 107/2023/QH15, effective from January 1, 2024, along with the passing of the new Corporate Income Tax Law No. 67/2025/QH15 on June 14, 2025, indicates a broader shift toward stronger tax enforcement, greater transparency, and tighter scrutiny of corporate tax practices. Although these reforms are partly outside the study period, they emphasise the increasing importance of governance and external monitoring mechanisms in influencing firms' tax behaviour in Vietnam.

Literature Review and Hypotheses Development

Theoretical background

Corporate tax avoidance refers to actions firms take to reduce tax liabilities relative to pre-tax accounting income (Dyreng et al., 2017). It ranges from compliant tax planning to aggressive strategies and, at its extreme, illegal tax evasion (Kovermann & Velte, 2019). As aggressiveness increases, so do regulatory and reputational risks.

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Agency theory is the dominant framework for explaining tax behaviour (Jensen & Meckling, 1976; Desai & Dharmapala, 2009). Because tax avoidance increases after-tax cash flows, it may enhance firm value. However, the separation of ownership and control implies that managers may pursue tax strategies inconsistent with shareholder preferences. Diversified shareholders may tolerate higher tax risk, whereas controlling or risk-averse owners may prefer conservative positions to limit non-tax costs (Kovermann & Velte, 2019).

Two agency-based views follow. The first assumes risk-neutral principals who support value-enhancing tax avoidance. The second emphasises managerial discretion: tax decisions depend on managerial incentives and governance strength (Kovermann & Velte, 2019). Effective monitoring and aligned incentives may encourage efficient tax planning (Mahouat et al., 2025), whereas weak governance may lead risk-averse managers to avoid aggressive strategies.

Stakeholder theory extends this view by recognising that tax decisions affect multiple constituencies (Freeman, 1984). Aggressive tax avoidance may therefore undermine legitimacy and long-term reputation. These tensions are central to CEO duality. Agency arguments suggest that combining the CEO and chair roles weakens monitoring. In contrast, stewardship and stakeholder perspectives imply that concentrated authority may enhance strategic coherence and accountability, particularly when the CEO is a founder or controlling shareholder.

In emerging markets such as Vietnam, characterized by concentrated ownership and limited board independence, CEO duality may strengthen oversight of tax risks (Tran et al., 2023) and align managerial incentives with long-term firm value. Nevertheless, theory offers no unambiguous prediction about its effect on tax avoidance (Kovermann & Velte, 2019), underscoring the need for context-specific empirical examination.

While agency theory predicts that CEO duality may weaken board monitoring and increase managerial discretion, stewardship theory offers a different perspective (Mahouat et al., 2025). In firms characterised by concentrated ownership, founder influence, or strong reputational concerns, unified leadership can foster strategic consistency, enhance personal accountability, and promote decisions that safeguard the company's long-term legitimacy. In such contexts, CEO duality may lead to more conservative tax practices rather than more aggressive tax avoidance. This alternative perspective is particularly pertinent in Vietnam, where ownership concentration and relationship-based governance remain prevalent.

Furthermore, cultural and institutional characteristics within Vietnam may further influence the impact of CEO duality. Vietnamese organisations generally exhibit hierarchical structures that emphasise respect for authority and governance rooted in interpersonal relationships. In such environments, CEOs who concurrently hold the position of chair may face heightened expectations for accountability and long-term responsibility, rather than merely seeking opportunistic gains. These cultural factors tend to reinforce the stewardship perspective and promote more prudent tax decision-making.

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CEO duality and tax avoidance

Empirical evidence on the association between CEO duality and corporate tax avoidance remains inconclusive across institutional settings (Yahaya et al., 2024; Mahouat et al., 2025). Yahaya et al. (2024) report mixed findings, with roughly half of prior studies reporting significant effects and the remainder reporting weak or insignificant relationships.

Agency-based arguments suggest that CEO duality weakens board monitoring and facilitates opportunistic tax behaviour. Evidence from both developed and developing economies shows a positive association between CEO duality and tax avoidance (Salehi et al., 2024; Dakhli & Khelil, 2025), and similar findings are reported in Vietnam (Ha, 2021). In contrast, studies in environments characterised by concentrated ownership suggest the opposite effect. Evidence from Tunisia and Greece shows that CEO duality is associated with higher effective tax rates, indicating more conservative tax behaviour (Boussaidi & Hamed-Sidhom, 2021; Kolias & Koumanakos, 2022). Recent Vietnamese evidence likewise reports higher effective and cash tax rates among firms with CEO duality (Pham et al., 2024).

These findings suggest that in emerging markets with concentrated ownership and weaker external oversight, unified leadership can enhance accountability, reputation, and long-term focus rather than encourage opportunism. In such settings, CEO duality might reduce aggressive tax strategies. Drawing from agency theory, stewardship theory, and the cultural–institutional context of Vietnam, this study proposes the following hypothesis:

H1: CEO duality is negatively associated with corporate tax avoidance.

The moderating role of audit quality

Agency theory highlights the role of external monitoring in curbing managerial opportunism, particularly when internal governance is imperfect (Jensen & Meckling, 1976). Audit quality is a key external governance mechanism that enhances reporting credibility and constrains aggressive tax practices. High-quality auditors, especially Big 4 firms, face substantial reputational and litigation risks and therefore scrutinize complex tax positions more rigorously (Klassen et al., 2016). Empirical evidence generally shows that firms audited by high-quality auditors exhibit lower tax aggressiveness due to tighter monitoring and reduced managerial discretion (Gaaya et al., 2017).

However, the moderating effect of audit quality on the CEO duality–tax avoidance relationship remains unclear. Strong external auditing may reinforce the accountability associated with CEO duality and further restrain aggressive tax strategies. Conversely, high-quality auditors may facilitate sophisticated yet legally permissible tax planning, potentially weakening governance constraints (McGuire et al., 2012; Pham et al., 2024). Evidence from emerging markets reflects this tension. Some studies find that audit quality mitigates the impact of managerial power on tax aggressiveness (Annisa & Kurniasih, 2012; Mahouat et al., 2025), whereas others report context-dependent effects.

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In developing economies such as Vietnam, characterized by concentrated ownership and evolving enforcement, audit quality is expected to strengthen external discipline. Accordingly, high audit quality may alter the effect of CEO duality on tax avoidance by reinforcing monitoring and accountability. Consequently, this study suggests:

H2: Audit quality moderates the relationship between CEO duality and corporate tax avoidance.

Research Method

This study employs a balanced panel dataset of Vietnamese listed firms from 2016 to 2023, comprising 2,552 firm-year observations. Financial data are drawn from audited consolidated financial statements and official corporate disclosures. Observations with missing values or extreme outliers are excluded to ensure data reliability. Using panel data allows the analysis to control for unobserved firm-specific heterogeneity and time effects that may influence corporate tax behaviour.

To examine the impact of CEO duality on corporate tax avoidance, the study specifies the following panel regression models:

$$TAX_{it}=\beta_0 + \beta_1 BDUAL_{it} + \sum\beta_k Controlk_{it} + \varepsilon_{it} \quad (1)$$

$$TAX_{it}=\beta_0+\beta_1 BDUAL_{it}+\beta_2 BIG4_{it}+\beta_3(BDUAL_{it}\times BIG4_{it})+\sum\beta_k Controlk_{it}+\varepsilon_{it} \quad (2)$$

where *i* denotes firm and *t* denotes year. The dependent variable (*TAX*) is measured using the effective tax rate based on accounting expenses (ETR) and the cash effective tax rate (CETR) as the main proxies, while book–tax differences (BTD) are used as an additional measure for robustness checks. To avoid distortions in effective tax rate measures, firm-year observations with negative pre-tax income are excluded from the calculation of ETR and CETR, following prior literature.

Another issue concerns how book–tax differences are interpreted in a reporting environment that is undergoing accounting reform. Vietnam's IFRS roadmap, outlined in Decision No. 345/QD-BTC, has accelerated the shift toward higher-quality and more internationally consistent financial reporting. As accounting recognition and measurement gradually align more with IFRS-based practices, the size and interpretation of BTD may increasingly reflect not only tax planning strategies but also changing reporting standards. Therefore, BTD should be regarded as a useful yet context-dependent indicator of robustness in the Vietnamese environment.

The primary explanatory variable, *BDUAL*, is coded as one if the Chief Executive Officer also holds the position of Chair of the Board, and zero otherwise. Audit quality (*BIG4*) is represented by a binary indicator denoting whether the firm is audited by one of the Big Four accounting firms. The interaction term (*BDUAL* × *BIG4*) elucidates the moderating effect of audit quality on the association between CEO duality and corporate tax avoidance.

In accordance with prior research, the model incorporates control variables for board structure and firm characteristics. Comprehensive definitions and measurement criteria for all variables are furnished in Table 1.

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Table 1. Variable Definition and Measurement

Variable category	Variable	Measurement	References
Dependent variables	Effective Tax Rate (ETR)	Total tax expense/Pre-tax income	Ha (2021); Pham et al. (2024)
	Cash Effective Tax Rate (CETR)	Cash taxes paid/Pre-tax income	Ha (2021)
	Book–Tax Differences (BTD)	(Accounting profit − Taxable income)/Total assets at the end of the previous year	Ha (2021)
Independent variables	CEO Duality (BDUAL)	Dummy variable equals 1 if CEO also serves as Board Chair, 0 otherwise	Ha (2021)
	Audit Quality (BIG4)	Audit Quality (BIG4): Dummy variable equal to 1 if the firm's annual financial statements are audited by Deloitte, Ernst & Young, KPMG, or PricewaterhouseCoopers, and 0 otherwise. This proxy captures the stronger reputational incentives, standardised audit methodologies, and international quality-control systems typically associated with Big 4 auditors	Ha (2021)
Moderating variable	BIG4 × BDUAL	Interaction term capturing the moderating role of audit quality in the CEO duality–tax avoidance relationship	Mahouat et al. (2025)
Control variables	Board Independence (BDIN)	Proportion of independent directors on the board	Tran et al. (2023)
	Leverage (LEV)	Total liabilities/Total assets	Tran et al. (2023)
	Firm Size (FSIZE)	Natural logarithm of total assets	Tran et al. (2023)
	Profitability (ROA)	Net income/Average total assets	Ha (2021)
	Tangibility (TANG)	Tangible fixed assets/Total assets	Ha (2021)

Notes: ETR and CETR capture corporate tax avoidance using accounting tax expenses and cash tax payments, respectively, while BTD reflects the structural gap between accounting and taxable income, providing an alternative perspective on tax avoidance behaviour.

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The study first estimates pooled OLS, fixed-effects (FEM), and random-effects (REM) models. The Hausman test is used to choose between FEM and REM. Diagnostic tests reveal heteroskedasticity and serial correlation in the panel data, suggesting that conventional estimators may yield inefficient standard errors. Consequently, the study employs feasible generalised least squares (FGLS) estimates, which jointly address heteroskedasticity and autocorrelation, thereby providing more reliable statistical inference.

Results

Descriptive and correlation analysis

Table 2 presents descriptive statistics for key variables of Vietnamese listed firms from 2016 to 2023. The mean effective tax rates based on accounting expenses (ETR) and cash taxes paid (CETR) are 0.1979 and 0.1982, respectively. These figures are below the statutory corporate tax rate and closely approximate the average AETR and CETR reported by Ha (2021), which range from approximately 20% to 21%. This similarity suggests that corporate tax avoidance behaviour among Vietnamese listed firms remains relatively stable over time.

The mean book–tax difference (BTD) is 0.0065, consistent with the near-zero BTD and PBTD reported in Ha (2021). This suggests that, although accounting–tax differences exist, they are relatively modest. Compared with Pham et al. (2014), the average Effective Tax Rate (ETR) in this investigation is marginally higher (0.198 versus 0.176). The alternative tax avoidance measures (TAXV1 and TAXV2) reported by Pham et al. (2014) are approximately 0.19 and are largely comparable to the ETR and CETR observed herein.

Table 2. Descriptive statistics

Variable	N	Mean	SD	Min	Max
ETR	2,552	0.1979	0.1645	-0.1014	0.9864
CETR	2,552	0.1982	0.1659	-0.1057	0.9945
BTD	2,552	0.0065	0.0401	-0.1894	0.1226
BDUAL	2,552	0.1219	0.3272	0.0000	1.0000
BIG4	2,552	0.5161	0.4998	0.0000	1.0000
LEV	2,552	0.4731	0.2300	0.0295	0.9136
FSIZE	2,552	12.0504	0.6732	10.5091	13.8008
ROA	2,552	0.1119	0.1472	-0.5136	0.5512
TANG	2,552	0.1872	0.1993	0.0000	0.8628

Table 3 presents the Pearson correlation matrix. The two effective tax rate measures, ETR and CETR, are highly positively correlated ($r = 0.995$, $p < 0.01$), confirming consistency between accounting-based and cash-based tax proxies. BTD is significantly negatively correlated with both ETR and CETR, indicating that larger book–tax differences are associated with lower effective tax rates, consistent with alternative measures of tax avoidance.

Regarding governance variables, CEO duality (BDUAL) shows weak, statistically insignificant correlations with tax avoidance proxies, suggesting that its effect cannot be inferred from bivariate

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associations alone. Audit quality (Big 4) is positively correlated with both ETR and CETR, implying that firms audited by Big 4 firms report higher effective tax rates. None of the pairwise correlations indicates serious multicollinearity concerns, supporting the use of multivariate regression analysis.

Table 3. Correlation coefficient matrix

Variable	ETR	CETR	BTD	BDUAL	BIG4	LEV	FSIZE	ROA	TANG
ETR	1.000								
CETR	0.995***	1.000							
BTD	-0.129***	-0.128***	1.000						
BDUAL	-0.005	-0.006	-0.038*	1.000					
BIG4	0.058***	0.059***	0.071***	-0.068***	1.000				
LEV	0.165***	0.161***	-0.260***	-0.008	0.017	1.000			
FSIZE	0.137***	0.135***	0.102***	-0.065***	0.364***	0.284***	1.000		
ROA	0.065***	0.063***	0.658***	0.007	0.110***	-0.158***	0.159***	1.000	
TANG	-0.089***	-0.089***	0.098***	-0.088***	0.059***	-0.093***	0.110***	0.048**	1.000

*Notes: * p < 0.10; ** p < 0.05; *** p < 0.01*

The variance inflation factor (VIF) test indicates that multicollinearity is not an issue in the regression models. Specifically, all VIF values range from 1.01 to 1.33, with an average VIF of 1.13, which is well below the common cutoff of 10 (Table 4). This suggests that the estimated coefficients are not biased by collinearity among the explanatory variables.

Table 4. Variance Inflation Factor (VIF) Test

Variable	VIF	1/VIF
FSIZE	1.330	0.750
BIG4	1.170	0.857
LEV	1.170	0.857
ROA	1.080	0.928
TANG	1.040	0.965
BDUAL	1.010	0.986
Mean VIF	**1.130**	

Model specification and diagnostic tests

Table 5 presents diagnostic tests for serial correlation and heteroskedasticity. The Wooldridge test indicates first-order autocorrelation in the ETR and CETR models ($p < 0.01$) and marginal serial correlation in the BTD model ($p = 0.054$). The Modified Wald test rejects the null of homoskedasticity across all specifications at the 1% level, confirming heteroskedasticity across firms. These results suggest that standard panel estimators may produce inefficient standard errors.

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Accordingly, the study employs feasible generalised least squares (FGLS) to account for heteroskedasticity and autocorrelation in panel data. The discussion of regression results, therefore, focuses on FGLS estimates, which yield more efficient and reliable inference.

Table 5. Diagnostic Tests

Variable	Autocorrelation Test		Heteroskedasticity Test	
	F-Statistics	p-Value	Chi²-Statistics	p-Value
ETR	10.378	0.001	9,204,891	0.000
CETR	9.963	0.002	10,158,029	0.000
BTD	3.744	0.054	268,429	0.000

Multivariate Analysis

Consistent with the diagnostic tests, the discussion focuses on the FGLS estimates reported in Table 6.

CEO duality (BDUAL) is positive and statistically significant across all FGLS specifications. The coefficients range from 0.0094 to 0.0212 ($p < 0.05$ or $p < 0.01$) for both ETR and CETR. Because ETR and CETR are inverse measures of tax avoidance, these results indicate that firms with CEO duality report higher effective tax rates and engage in less tax avoidance than firms with separate leadership roles. This evidence supports H1 and suggests that, in Vietnam, concentrated leadership authority is associated with more conservative tax behaviour.

Regarding moderation, the interaction term BIG4 × BDUAL is negative and statistically significant at the 1% level in the FGLS models for both ETR and CETR (coefficients approximately –0.039 to –0.040). This finding implies that audit quality weakens the positive association between CEO duality and effective tax rates. In other words, the tax-constraining effect of CEO duality diminishes when firms are audited by Big 4 auditors. These results support H2 and indicate that external audit quality alters the governance impact of CEO duality on corporate tax behaviour.

The control variables are generally stable across specifications, and including year and industry fixed effects does not alter the main inferences.

Table 6. Regression using FE and FGLS

Variable	ETR				CETR			
	Eq (1)		Eq (2) BIG4 × BDUAL		Eq (1)		Eq (2) BIG4 × BDUAL	
	FE	FGLS	FE	FGLS	FE	FGLS	FE	FGLS
BDUAL	0.0258**	0.0097**	0.0419***	0.0212***	0.0233**	0.0094**	0.0416***	0.0210***
	(2.2518)	(2.1998)	(2.8050)	(4.0986)	(2.0043)	(2.1298)	(2.7505)	(4.0822)
BIG4	0.0011	0.0065**	0.0061	0.0092***	0.0011	0.0067**	0.0067	0.0094***
	(0.1077)	(2.1896)	(0.5538)	(3.0274)	(0.1030)	(2.2784)	(0.6058)	(3.1112)
LEV	-0.0902**	0.0386***	-0.0861**	0.0415***	-0.0921**	0.0374***	-0.0874**	0.0405***
	(-2.4431)	(4.4259)	(-2.3276)	(4.7278)	(-2.4627)	(4.2983)	(-2.3337)	(4.6239)

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Variable	ETR				CETR			
	Eq (1)		Eq (2) BIG4 × BDUAL		Eq (1)		Eq (2) BIG4 × BDUAL	
	FE	FGLS	FE	FGLS	FE	FGLS	FE	FGLS
FSIZE	0.1969***	0.0055	0.1954***	0.0062*	0.1968***	0.0051	0.1950***	0.0058*
	(7.3704)	(1.5505)	(7.3097)	(1.7549)	(7.2684)	(1.4399)	(7.2016)	(1.6527)
ROA	0.1363***	0.0952***	0.1381***	0.0960***	0.1357***	0.0930***	0.1378***	0.0942***
	(4.9085)	(8.8288)	(4.9743)	(8.9171)	(4.8246)	(8.6284)	(4.8997)	(8.7593)
TANG	-0.0816**	-0.0260***	-0.0849**	-0.0312***	-0.0837**	-0.0276***	-0.0874**	-0.0327***
	(-1.9964)	(-2.6995)	(-2.0749)	(-3.2089)	(-2.0198)	(-2.8685)	(-2.1087)	(-3.3691)
BIG4 × BDUAL			-0.0362*	-0.0392***			-0.0412*	-0.0400***
			(-1.6786)	(-4.5266)			(-1.8894)	(-4.6025)
Constant	-2.1363***	0.0932**	-2.1215***	0.0824*	-2.1326***	0.0993**	-2.1157***	0.0880**
	(-6.7827)	(2.1162)	(-6.7357)	(1.8703)	(-6.6822)	(2.2569)	(-6.6303)	(1.9983)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,552	2,552	2,552	2,552	2,552	2,552	2,552	2,552

Note: z-statistics are reported in parentheses. *, *, and * denote statistical significance at the 10%, 5%, and 1% levels, respectively.*

Robustness check

Table 7 presents robustness tests using book–tax differences (BTD) as an alternative proxy for tax avoidance. The discussion of the FGLS estimates follows.

CEO duality (BDUAL) is statistically significant and negative across FGLS specifications, with coefficients of −0.0030 ($p < 0.01$) and −0.0028 ($p < 0.05$). Because BTD is a direct measure of tax avoidance, the negative sign indicates that firms with CEO duality have smaller book–tax gaps and, consequently, lower tax avoidance. This result aligns with ETR and CETR findings and provides further support for H1.

The interaction term BIG4 × BDUAL is positive and statistically significant in the FGLS model (coefficient = 0.0040, $p < 0.05$). Because BTD increases with tax avoidance, this positive interaction indicates that audit quality weakens the negative association between CEO duality and tax avoidance. Although the sign differs from the ETR and CETR specifications due to the alternative measurement, the economic interpretation remains consistent. These results confirm the moderating role of audit quality and support H2.

Overall, the robustness analysis indicates that the main conclusions remain stable across alternative measures of corporate tax avoidance.

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Bảng 7. Robustness check using BTD

Variable	Eq (1)		Eq (2) BIG4 × BDUAL	
	FE	**FGLS**	**FE**	**FGLS**
BDUAL	-0.0035*	-0.0030***	-0.0043*	-0.0028**
	(-1.8060)	(-3.6794)	(-1.6588)	(-2.2256)
BIG4	-0.0012	-0.0020***	-0.0014	-0.0025***
	(-0.6432)	(-3.5106)	(-0.7339)	(-3.4109)
LEV	-0.0550***	-0.0247***	-0.0552***	-0.0267***
	(-8.6908)	(-17.0173)	(-8.6984)	(-13.6696)
FSIZE	0.0190***	0.0020***	0.0191***	0.0021***
	(4.1461)	(3.9802)	(4.1578)	(3.0570)
ROA	0.1869***	0.1383***	0.1869***	0.1499***
	(39.2691)	(48.7791)	(39.2127)	(45.3219)
TANG	0.0001	0.0007	0.0003	0.0006
	(0.0180)	(0.4056)	(0.0383)	(0.2709)
BIG4 × BDUAL			0.0016	0.0040**
			(0.4263)	(2.2866)
Constant	-0.2164***	-0.0225***	-0.2170***	-0.0243***
	(-4.0056)	(-3.7712)	(-4.0152)	(-2.9505)
Year FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Observations	2,552	2,552	2,552	2,552

Note: z-statistics are reported in parentheses. *, *, and * denote statistical significance at the 10%, 5%, and 1% levels, respectively*

Discussion

CEO duality and corporate tax avoidance

The findings indicate that CEO duality is associated with higher ETR and CETR and lower BTD, suggesting reduced tax avoidance. This supports H1 and implies that, in Vietnam, concentrated leadership authority does not necessarily facilitate opportunistic tax behaviour. Instead, CEO duality appears linked to more conservative tax positions.

This result challenges the traditional agency prediction that concentrated power weakens monitoring and encourages risk-taking (Jensen & Meckling, 1976). Instead, it aligns with extended agency and stewardship perspectives, which hold that concentrated authority may increase accountability, particularly when CEOs are founders or controlling shareholders with long-term reputational exposure (Kolias & Koumanakos, 2022).

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This finding contrasts with evidence from developed economies, where CEO duality often relates to weaker oversight and higher tax aggressiveness. In those contexts, dispersed ownership and robust investor protections tend to make concentrated leadership more likely to enable managerial opportunism. Conversely, in emerging markets like Vietnam, concentrated ownership and relational governance may lead to CEO duality actually increasing accountability rather than diminishing oversight.

The findings align with recent Vietnamese evidence showing higher effective tax rates among firms with CEO duality (Pham et al., 2024) but differ from earlier results reported by Ha (2021). This divergence may reflect institutional evolution. The 2016–2023 period coincides with strengthened tax enforcement, enhanced disclosure requirements, and greater regulatory scrutiny in Vietnam, which may have altered managerial incentives and constrained aggressive tax strategies.

Internationally, the evidence aligns with findings from Tunisia and Greece (Boussaidi & Hamed-Sidhom, 2021; Kolias & Koumanakos, 2022), where CEO duality is linked to more cautious tax behavior. In emerging markets with concentrated ownership and relatively weak board independence, unified leadership may enhance strategic coherence and reduce extreme tax positions.

The moderating role of audit quality

The significant interaction between CEO duality and audit quality supports H2. Big 4 auditing attenuates the association between CEO duality and tax outcomes, indicating that external monitoring shapes the governance effect of the leadership structure.

This result is consistent with agency theory, which views high-quality auditing as a complementary governance mechanism that constrains managerial discretion (Klassen et al., 2016). It also aligns with emerging-market evidence emphasising the disciplinary role of Big 4 auditors in firms with concentrated control (Gaaya et al., 2017; Mahouat et al., 2025).

However, the findings contrast with studies suggesting that high-quality auditors may facilitate sophisticated tax planning (McGuire et al., 2012; Pham et al., 2024). This inconsistency underscores the context-dependent nature of audit quality. In Vietnam's evolving regulatory environment, reputational and enforcement risks may lead Big 4 auditors to favour more conservative tax reporting rather than aggressive optimisation.

Robustness Discussion

Using BTD as an alternative tax-avoidance proxy yields consistent results: CEO duality remains negatively associated with tax avoidance, and audit quality continues to moderate this relationship. These findings bolster confidence in the main inferences and suggest that the governance impact of CEO duality is contingent on the strength of external monitoring.

Overall, the study contributes to the literature by showing that the CEO duality–tax avoidance relationship is institutionally conditioned and cannot be interpreted solely through classical agency predictions. Leadership structure interacts with external governance mechanisms, particularly audit quality, to shape corporate tax behaviour in emerging markets.

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Conclusion

This study examines the relationship between CEO duality and corporate tax avoidance, with a particular focus on the moderating role of audit quality, using evidence from Vietnamese listed firms from 2016 to 2023. The findings indicate that firms where the CEO also serves as the chair of the board tend to exhibit lower levels of tax avoidance. In emerging economies characterised by concentrated ownership and advancing governance institutions, unified leadership appears to be associated with greater managerial accountability rather than opportunistic tax conduct.

From a socio-institutional perspective, these findings challenge the prevailing view, rooted in developed markets, that CEO duality inherently undermines governance. In transitional environments such as Vietnam, concentrated leadership may strengthen accountability, reduce coordination challenges, and promote compliance-focused strategies, particularly in the sensitive domain of corporate taxation. Consequently, tax behaviour should be regarded not merely as a financial decision but also as an expression of corporate social responsibility and of the relationship between firms and the state.

The study further underscores the importance of audit quality as a crucial external governance mechanism. The moderating effect of Big 4 auditors indicates that robust external oversight supports responsible tax conduct, even when managerial authority is concentrated. In contexts with inconsistent regulatory enforcement, high-quality auditing serves as an institutional complement, thereby enhancing transparency and fostering public trust.

From a policy perspective, the results suggest that governance reforms should avoid one-size-fits-all prescriptions. Rather than discouraging CEO duality per se, policymakers may achieve better outcomes by strengthening audit quality, enforcement credibility, and disclosure requirements. These measures are likely to be more effective in promoting responsible tax behaviour than rigid structural mandates.

This study recognises certain limitations, including the use of a binary proxy for audit quality and potential endogeneity issues. Although the Big 4 indicator is commonly used in prior research, it remains a simple proxy for audit quality because it does not consider factors like audit partner expertise, office-level specialisation, or engagement-specific monitoring intensity. Future research could expand this analysis by examining additional moderating factors such as firm size, ownership structure (e.g., state or institutional ownership), and industry characteristics, as well as exploring cross-country comparisons to better understand how institutional contexts influence the governance–tax avoidance relationship.

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Declarations

AI Use Statement: During the preparation of this work, the authors used ChatGPT for language editing and grammar checking. After using this tool, the authors reviewed and edited the content as needed and take full responsibility for the content of the publication.

Data Availability Statement: The data that support the findings of this study are available from the corresponding author, Cao Tan Huy, upon reasonable request.

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Ethical Approval: Ethical approval was not required for this study as it did not involve human or animal subjects.

Authors' Contributions: NNKD conceived and designed the study; CTH performed the data collection; NNKD and CTH analysed the data; NNKD wrote the paper; CTH reviewed and edited the manuscript. All authors have read and agreed to the published version.

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