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CORPORATE GOVERNANCE MECHANISMS AND CORPORATE TAX STRATEGY DISCLOSURE: A CONCEPTUAL FRAMEWORK FROM AN EMERGING ECONOMY PERSPECTIVE

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Abstract:

A rise in the use of tax transparency as part of the environmental, social and governance (ESG) agenda has elevated corporate taxation as one of the most important dimensions of corporate accountability. However, despite increasing regulatory attention towards corporate tax strategy, corporate tax strategy disclosure (CTSD) remains relatively uneven and largely voluntary in developing countries. This paper develops a conceptual framework to examine how corporate governance mechanisms influence the extent of CTSD among Malaysian listed companies. Grounded in Agency Theory, the proposed framework argues that four key corporate governance mechanisms namely board independence, board gender diversity, knowledgeable audit committee, and internal audit function that play important roles in reducing information asymmetry, strengthening monitoring, and enhancing corporate transparency. Unlike prior studies that primarily focus on tax avoidance outcomes, this study examines how companies voluntarily disclose their corporate tax strategies as a means of promoting transparency and accountability. The proposed conceptual framework extends the existing literature by explaining the relationship between corporate governance mechanisms and CTSD, thereby contributing to a better understanding of tax transparency from a corporate governance perspective. This study shifts the emphasis from measuring tax avoidance outcomes to examining the strategic disclosure of corporate tax information, highlighting CTSD as an important dimension of

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responsible corporate reporting. Finally, the paper identifies potential directions for future research, including empirical validation of the proposed relationships and the examination of institutional factors that may influence corporate tax disclosure practices.

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Keyword:

Corporate Tax Strategy Disclosure, Corporate Governance, Conceptual Framework, Tax Transparency

Introduction

Corporate tax administration has changed over time from just being a way to administer and enforce the rules and regulations that govern companies, into a tool used to promote transparency, accountability and environmentally sustainable practices. The regulators, shareholders and other interested parties are now taking a closer examine how companies design, implement and communicate their tax policies. These increased levels of scrutiny are driven, in part, by the growth of Environmental, Social and Governance (ESG) reporting which has identified tax transparency as an important element of responsible corporate behaviour**.** In Malaysia, there have been regulatory developments designed to enhance good corporate governance, including enhanced accounting standards and reporting requirements with respect to the governance of public listed companies. However, despite these regulatory developments, the extent of detailed information disclosed by Malaysian public listed companies in Malaysia in relation to their corporate tax strategy is still largely scarce. Consequently, there exists a significant range of differences across companies in terms of the volume and quality of the information relating to tax governance, tax principles, tax risks and tax compliance contained in their annual reports (Blaufus et al., 2025; Pratama & Muhammad, 2025).

Previous research on corporate taxation has predominantly focused on corporate tax avoidance by employing financial proxies such as the effective tax rate (ETR), book-tax differences (BTD), cash effective tax rates (CETR), and other tax planning measures. These proxies are widely used to gauge the extent of tax planning activities and the degree to which companies minimise their tax liabilities. Although these measures provide useful insights into the outcomes of corporate tax planning, they offer limited insight into of how companies voluntarily communicate their tax strategies to external stakeholders. Specifically, these financial proxies do not capture the extent to which companies disclose important information that relates to tax governance, tax risk management, tax compliance approaches, or their overall

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tax strategy. Consequently, while the current literature has largely concentrated on the outcomes of corporate tax planning, relatively little attention has been devoted to examining corporate tax strategy disclosure (CTSD), particularly how companies voluntarily communicate their tax-related policies and practices to promote transparency and accountability. For example, Hanlon and Heitzman (2010) and Armstrong et al., (2015) have largely examined corporate tax planning by investigating its determinants and consequences, including tax avoidance, tax aggressiveness, and tax liability minimisation. Comparatively, limited attention has been devoted to understanding how companies voluntarily communicate their tax strategy, tax risk management and tax governance through CTSD.

The CTSD represents a distinct area of study from corporate tax avoidance. The corporate tax avoidance is concerned with identifying the economic results of a company's tax planning (Hanlon & Heitzman, 2010; Wang et al., 2020). While CTSD investigates the level at which companies will provide voluntary information about their tax governance framework, tax principles, tax risk management, tax compliance practices and their relationship with government taxation authorities. Consequently, CTSD can be viewed as a demonstration of a companies' commitment to transparency and accountable tax governance rather than demonstrating the success or failure of the companies' tax planning. This situation is due to increasing interest in transparent tax practice through the lens of ESG, it has become more expected by all parties interested in a company to not only follow the laws for paying taxes; but also explain how tax related decision making and processes are conducted. There is still very limited research regarding the factors that determine on how companies will use corporate governance mechanisms to make voluntary of their CTSD, especially in developing economies such as in Malaysia. Several existing studies have focused on examining the effects of various corporate governance mechanisms on corporate tax avoidance. The lack of research into the organizational factors that motivate companies to make voluntary of their CTSD in their annual report has leaves a large gap in companies' ability to understand why some companies are motivated to disclose their corporate tax strategy in annual report among the public listed companies. It is essential to fill this knowledge gap because better corporate governance mechanisms will lead to more transparent and better disclosures, increase stakeholder confidence and contribute to increased accountability among companies (Beekes et al., 2016). This study will develop a conceptual framework that illustrates how corporate governance mechanisms namely board independence, board gender diversity, knowledgeable audit committee, and internal audit function enhance CTSD in Malaysia. The proposed framework is supported by Agency Theory. The theory provides a complete rationale for why internal corporate governance mechanisms can facilitate reduce information asymmetries and why the demands of stakeholders outside of the companies would contribute toward greater transparency in the reporting of corporate taxes. In comparison with prior studies, this study shifts the emphasis away from measuring tax avoidance strategies through conventional tax avoidance proxies toward measuring the extent of CTSD in annual report among public listed companies in Malaysia.

Literature Review

Corporate Tax Strategy Disclosure

The growing importance of corporate tax strategy disclosure (CTSD) is now seen as part of corporate transparency, allowing companies to explain their tax governance and compliance to stakeholders. Corporate Tax Strategy Disclosure (CTSD) refers to the extent to which a

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company voluntarily communicates information relating to its tax governance, tax strategy, tax risk management, tax compliance approach, and interactions with tax authorities (Blaufus et al., 2025). Unlike traditional measures of tax avoidance that focus primarily on the financial outcomes of tax planning, CTSD emphasises the transparency of corporate tax communication and the extent to which organisations disclose information regarding their tax-related policies and governance practices to stakeholders. Consequently, CTSD reflects a company's commitment to accountability, responsible tax behaviour, and transparent corporate reporting (Hardeck et al., 2026). The increasing importance of ESG reporting has elevated tax transparency as an important dimension of corporate accountability. Investors, regulators, non-governmental organisations, and the wider public increasingly expect companies not only to comply with tax legislation but also to explain how tax-related decisions are governed, monitored, and managed (Hillenbrand et al., 2019; Hardeck et al., 2026). Transparent CTSD enables stakeholders to better evaluate whether companies adopt responsible tax practices, effectively manage tax-related risks, and comply with applicable tax regulations. Consequently, CTSD has emerged as an important indicator of good corporate governance mechanisms and sustainable corporate practices.

Corporate Tax Strategy Disclosure encompasses several important dimensions of corporate reporting. These include disclosure of the company's tax governance framework, tax planning principles, tax risk management policies, tax compliance philosophy, relationships with tax authorities, tax contribution to society, and board oversight of tax-related matters. According to Arnaud and Giordano-Spring (2024), companies may also disclose information regarding their commitment to ethical tax practices, governance responsibilities relating to taxation, and procedures established to ensure compliance with tax legislation. Collectively, these disclosures provide stakeholders with a more comprehensive understanding of how companies manage taxation as part of their overall corporate governance framework (Anwar et al., 2024). In Malaysia, CTSD remains largely voluntary because there is currently no mandatory reporting framework requiring public listed companies to publish detailed tax strategies. Companies have significant flexibility to determine how much tax-related information is included within the corporate governance framework developed by Inland Revenue Board of Malaysia's (IRBM) Tax Corporate Governance Framework (TCGF) and the Malaysian Code on Corporate Governance (MCCG) 2021. The MCCG 2021 and the IRBM's TCGF are a major example of initiatives that were created to promote better corporate governance and increased transparency; however, companies still have considerable flexibility as it relates to the amount of tax-related information they include within their annual reports. Consequently, substantial variation exists among public listed companies in Malaysia regarding the comprehensiveness of CTSD in annual reports (Mgammal et al., 2018).

Corporate Governance and Disclosure Practices

Stronger corporate governance mechanisms can facilitate shape how companies manage disclosure because it makes managers behave differently, strengthens oversight and encourages accountability. Jensen and Meckling (1976) stated that robust corporate governance mechanisms, such as board independence and knowledgeable audit committee, mitigate information asymmetry between managers and directors in the company. By enhancing oversight, these structures constrain managers from engaging in self-serving tax practices at the expense of organizational transparency. Agency Theory suggests that the use of good corporate governance mechanisms will lead to greater transparency through better reliable reporting (Jensen & Meckling, 1976; Beekes et al., 2016). Additionally, this theory also proposes that using good corporate governance mechanisms will encourage sound and better reporting of material information to stakeholders so that the companies maintain their trustworthiness as a public listed company. As a result, companies with strong corporate governance mechanisms are more likely to exhibit higher levels of transparency and provide comprehensive disclosures in their annual report (Beekes et al., 2016).

Board independence and board gender diversity have been recognised by most researchers as two of the key factors that enhance transparency and disclosure quality through effective corporate governance (Raja Ahmad et al., 2025). Almulhim (2023) stated that the objective oversight by independent non-executive directors makes it less likely for managers to present inaccurate, unreliable or opaque financial information to stakeholders. It reduces managerial opportunism and the information asymmetry between management and other stakeholders (Tahir et al., 2019). In addition to providing an objective oversight, the ability of board gender diversity to introduce alternative views, enhance decision-making and strengthen ethical standards within the boardroom is well-established (Boffa et al., 2023). Furthermore, boards with greater gender diversity are generally more responsive to stakeholders' concerns and therefore more committed to accountability (Muhammad & Farooq, 2025). This increased responsiveness to stakeholders' concerns may lead to enhanced disclosure practices. By reinforcing internal monitoring mechanisms, these governance factors serve as a strategic basis for meeting external stakeholder demands which lead to higher levels of perceived accountability and disclosure (Gezgin et al., 2024).

The audit committee has an important function as well in ensuring both integrity and reliability of company reports. Due to its specialized governance position, the audit committee oversees all aspects of the financial report process, internal control systems and regulatory compliance (Imelda et al., 2025). According to Couchoux (2024), audit committees with vast financial experience will be better able to comprehend and analyse complex reporting issues such as those involving taxation which require the application of considerable judgment and technical knowledge. The ability to scrutinize financial data, determine if there are any material risks to the organization and question senior management regarding their decisions enhances the quality, accuracy and comprehensiveness of the disclosures (Haldar & Raithatha, 2017). The knowledgeable audit committee increases stakeholders' reliance on the company's financial and tax-related disclosures by increasing transparency and accountability while simultaneously reducing the risk of misrepresentative and incomplete reporting.

In addition to strengthening a companies' governance, an internal audit function provides independent assurances about the effectiveness of internal control systems and risk management processes as well as the efficiency of compliance processes. Internal audit function is the corporate governance mechanisms that important in enhancing the integrity of tax-related disclosures by verifying that companies' practices are evaluated against external standards. This mechanism provides stakeholders with the necessary assurance that tax functions are managed consistently with both legal obligations and companies' policy (Deslandes, 2020). The internal audit function in company acts as corporate governance mechanisms that identify areas of weakness within the company, assess risks associated with those weaknesses and recommend ways and strategy to enhance the tax reporting in companies' annual report. The results of this process will facilitate management maintain accountability for the actions taken by employees at the various levels of the company and prevent illegal or improper action. Additionally, internal audit function monitors the business operations of a company. According to Mesioye and Bakare (2024), monitoring the operational aspects of a

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company minimizes information asymmetry by increasing the reliability of financial statements and other public disclosure documents made available by the company for the benefit of the stakeholders. Despite the recognised importance of corporate governance mechanisms, limited study has specifically examined their role in influencing CTSD particularly in emerging market contexts (Ronoowah & Seetanah, 2023).

Theoretical Framework

Agency Theory

Agency Theory, originally developed by Jensen and Meckling (1976), explains the contractual relationship between shareholders (principals) and managers (agents), whereby managers are entrusted to make decisions that maximise shareholders' wealth. However, because managers generally possess greater access to organisational information than shareholders, information asymmetry may arise, creating opportunities for managers to pursue personal interests rather than organisational objectives (Bergh et al., 2019). Consequently, effective corporate governance mechanisms are essential to minimise agency conflicts by strengthening monitoring, enhancing accountability, and reducing information asymmetry (Eisenhardt, 1989; Al-Faryan, 2024).

Agency theory describes how a manager might use complex tax planning and selective disclosure about tax issues in corporate taxation for organizational or personal gain. Such behaviour may reduce transparency and limit stakeholders' ability to evaluate whether tax decisions are consistent with the organisation's long-term objectives (Balakrishnan et al., 2019; Blaufus et al., 2025). Therefore, corporate governance mechanisms, including board independence, board gender diversity, knowledgeable audit committee, and effective internal audit function play an important role as governance mechanisms that oversee managerial decision-making and promote greater transparency in corporate tax reporting. According to Beekes et al., (2016), by strengthening internal governance, these mechanisms reduce managerial opportunism and encourage more comprehensive CTSD.

Selection of Corporate Governance Mechanisms

This study focuses on four different corporate governance mechanisms namely board independence; board gender diversity; knowledgeable audit committee, and internal audit function. These governance mechanisms were chosen due to their recognition as the most critical components of an effective corporate governance system as outlined in the MCCG (2021). Each mechanism acts as important function in providing board oversight and increasing accountability and transparency of financial reports. Therefore, each mechanism is particularly relevant when considering the examination of voluntary CTSD. From the perspective of Agency Theory, these mechanisms enhance internal monitoring through reduction in information asymmetry and increased constraints on managerial opportunism. In addition, each of these mechanisms enhances the transparency of disclosed corporate tax-related information. Although there could be additional governance features such as board size, CEO duality, or ownership structure that would have an impact on how a firm report on their activities; these were considered beyond the scope for this conceptual framework. The four corporate governance mechanisms that were chosen to be examined in this study are directly related to effective monitoring and enhanced transparency, thus promoting the ability to satisfy the requirements of CTSD for Malaysian companies.

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Hypothesis Development

Board Independence

Board independence serves as a fundamental pillar of robust corporate governance by facilitating superior monitoring mechanisms that constrain opportunistic managerial actions (Wahab et al., 2022). Abdullah et al., (2022) point out that independent directors who are not involved in the daily operation of the firm will provide objective oversight on behalf of shareholders. Viewed through the lens of agency theory, board independence functions as a vital monitoring mechanism that reduces information asymmetry (Vitolla et al., 2020). By curtailing the discretionary power of management, independent directors enhance transparency in opaque areas such as corporate taxation (Almulhim 2023). Evidence from studies demonstrate that companies with greater board independence tend to have better governance procedures and more transparent reporting including in tax-related reporting (Usman & Yahaya 2025; Amanamah 2024).

However, there is no consistency across different countries and institutions for how greater board independence in the companies. Onn and Chia (2025) pointed out that while independent directors are expected to strengthen oversight on behalf of shareholders, they can be construed in environments characterized by dominant ownership or strong management power. This can result in formally independent directors not enforcing substantively effective monitoring in terms of tax disclosure transparency (Othman, 2025). Prior studies suggest mixed findings and indicate that the greater board independence will depend upon factors such as board dynamics, expertise and the wider governance context (Tahir et al., 2023; Othman 2025). Though board independence has theoretical associations with better CTSD, its impact may vary based on the specific context and conditions of the companies.

Building on the preceding discussion, greater board independence is expected to enhance transparency in corporate tax strategy disclosure. Agency theory suggests that the appointment of independent directors bolsters a firm's monitoring capacity to constrain opportunistic managerial behaviour in complex domains such as corporate tax planning. By maintaining an objective oversight role, independent directors are empowered to mandate rigorous and transparent tax reporting. This intervention serves to bridge the information gap between internal management and external stakeholders by fostering greater accountability. While empirical evidence remains fragmented due to contextual moderators like ownership concentration, prevailing theoretical logic maintains that board independence is a primary driver of transparent corporate tax reporting (Azmi et al., 2024).

H1: Board independence is positively associated with corporate tax strategy disclosure.

Board Gender Diversity

Board gender diversity is now an important component of corporate governance as well as an indicator of how further progress can be made in terms of ethical leadership and enhanced decision-making quality. Raja Ahmad et al., (2025) posit that gender diversity facilitates a broader spectrum of viewpoints and value systems within the boardroom. This infusion of cognitive diversity serves to optimize board performance and strengthen strategic outcomes. On a theoretical level, board gender diversity is frequently associated with enhanced ethical awareness; increased focus on stakeholders; and increased awareness of risks. These attributes have relevance in areas such as corporate taxation, where increasing demands for transparency and accountability from stakeholders are being placed upon corporations. Companies with higher levels of female representation on their boards have demonstrated better reporting practices and greater alignment to ESG expectations (Omenihu et al., 2025). Therefore, this study anticipated that board gender diversity will result in more inclusive and transparent disclosure of corporate tax strategies.

Board gender diversity will likely enhance governance and reduce problems arising from agency theory with ensuring more active monitoring and minimising managerial opportunism. Board gender diversity is associated with increased ethical awareness and enhanced critical scrutiny of managerial decisions. Such attributes facilitate more robust monitoring mechanisms, thereby reducing the informational gap between internal agents and external principals. These are especially valuable when it comes to corporate taxation as there are great managerial discretion and limited transparency. Board gender diversity will have a higher likelihood of challenging opaque reporting practices and encouraging better transparent disclosure than boards with no women. However, board gender diversity does not always work well in every context. When female directors constitute less than a 10% threshold, they are often relegated to a tokenistic status. Under such conditions, their capacity to exert substantive influence overboard deliberations and enhance the quality of tax strategy disclosures is significantly constrained (Nakajima et al., 2025). Additionally, cultural norms of organisations and power dynamics that exist at the level of individual boards may limit the input of female board members into the organisation's major decision-making processes. Although board gender diversity is theoretically linked to increased transparency and reduced agency costs, the realization of these benefits is contingent upon female directors achieving substantive representation rather than mere tokenistic inclusion.

Collectively, the above arguments suggest that board gender diversity has the potential to enhance of CTSD through enhanced transparency. From a governance perspective, board gender diversity enhances decision-making quality by integrating broader stakeholder perspectives, fostering heightened ethical awareness, and prioritizing stakeholder interests (Areneke et al., 2023; Khaw & Liao, 2018). These attributes are particularly conducive to the transparency of corporate tax strategies. While some empirical evidence suggests that board gender diversity efficacy may be hindered by tokenism, board composition, and entrenched organizational cultures (Omenihu et al., 2025; Nakajima et al., 2025; Wiersema & Mors, 2024), the prevailing literature suggests that a higher proportion of women on corporate boards correlates with increased comprehensiveness and transparency in tax-related disclosures.

H2: Board gender diversity is positively associated with corporate tax strategy disclosure.

Knowledgeable Audit Committee

One of the primary bodies that are responsible for enhancing the quality of corporate governance is an audit committee. Cordos et al., (2020) stated that, good assurance is important to stakeholders regarding the validity, reliability and completeness of company's financial reporting. As a specialized subcommittee of the board of directors, the audit committee serves as a critical mechanism for managing information asymmetry among management and stakeholders (Ismail et al., 2022) from the perspective of agency theory. Superior monitoring mechanisms act as a catalyst for heightened accountability to mandate oversight of financial reporting to ensure the integrity of corporate disclosures. Given the high degree of managerial discretion inherent in tax reporting specifically regarding the recognition or concealment of fiscal data, knowledgeable oversight becomes an imperative governance function. Knowledgeable audit committees can provide stronger oversight of tax related matters due to their expertise in accounting and finance and thereby enhance risk assessment capabilities. Furthermore, research provides evidence that knowledgeable audit committees lead to better financial reporting quality and transparent corporate disclosures including those related to taxes (Mohd Nasir et al., 2025).

Based on the above discussion, it is logical to conclude that knowledgeable audit committees are expected to enhance to enhance transparency and disclosure related to corporate tax strategies. Agency theory views the audit committee as a mechanism for increasing monitoring and accountability over financial reporting processes as well as decreasing information asymmetry between management and stakeholders (Raimo et al., 2021). Audit committees possessing high levels of financial literacy serve as a critical check against the strategic non-disclosure of tax items. Their expertise allows for the substantive evaluation of management's judgmental decisions, thereby ensuring that tax reporting aligns with both regulatory standards and transparency goals. While previous research indicates that the knowledgeable audit committees may depend upon a variety of factors including expertise, independence and engagement, the current state of both theoretical and empirical literature generally supports the view that more knowledgeable audit committees lead to to higher quality disclosures (Leng, 2022).

H3: Knowledgeable audit committee is positively associated with corporate tax strategy disclosure.

Internal Audit Function

Internal audit is a significant element of a company's corporate governance system. It can provide companies with additional assurances regarding their ability to be transparent and accountable for their actions and to manage risk (Akinsola, 2025). In contrast to the statutory role of external auditors in verifying the reliability of financial disclosures, internal audit function provides an evaluative examine the organizational infrastructure. Their scope encompasses the alignment of internal controls and human capital with the firm's broader corporate governance objectives. An internal audit function is also beneficial from an agency theory standpoint. By providing an internal monitoring mechanism, it can assist in reducing the level of informational asymmetry between managers and other stakeholders. Additionally, it can serve to constrain managerially motivated opportunistic behaviour. As global tax legislation and regulatory frameworks undergo a period of intensified complexity, the challenges inherent in corporate tax planning and financial reporting have escalated proportionally. Therefore, it is especially important for companies to have robust internal audit function to enable them to assess the effectiveness of their tax process, to identify potential risks and to ensure that they comply with all relevant tax regulations and internal policies. Empirical research indicates that a robust internal audit function contributes to better governance quality and increased levels of disclosure. Specifically, this includes disclosures related to compliance and risk management (Salin et al., 2023).

In recent years, research has demonstraten how much the internal audit function has evolved with a focus on the new role of auditing for assurance and advisory services and how this will provide increased organizational transparency (Drammeh & Leniwati, 2024; Almahuzi, 2025).

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The robust of the internal audit function is determined by several factors including its' independence, the number of resources allocated to the internal audit department and the level of support provided by senior management (Sawan, 2013). Besides that, limitations in the internal audit function may constrain its ability to influence how a company discloses its corporate tax strategies, thereby reducing the quality and completeness of CTSD.

Building on the above discussion, the internal audit function provides an additional layer of transparency regarding companies' corporate tax strategies. In addition to being an oversight body based on an agency theory perspective, the internal audit function acts as an internal monitoring system which increases accountability for managers, decreases the asymmetry of information and limits managerial opportunism in complex areas such as corporate taxation. A robust internal audit function also assists in evaluating and disclosing all tax related activity through continuous and independent review of internal control systems, compliance systems and risk management systems. While empirical literature highlights that factors such as independence and resource allocation can significantly moderate the robust of the internal audit function, the prevailing theoretical consensus suggests that an effective internal audit function is a primary driver of enhanced transparency in corporate tax reporting (Ismail et al., 2023).

H4: Internal audit function is positively associated with corporate tax strategy disclosure.

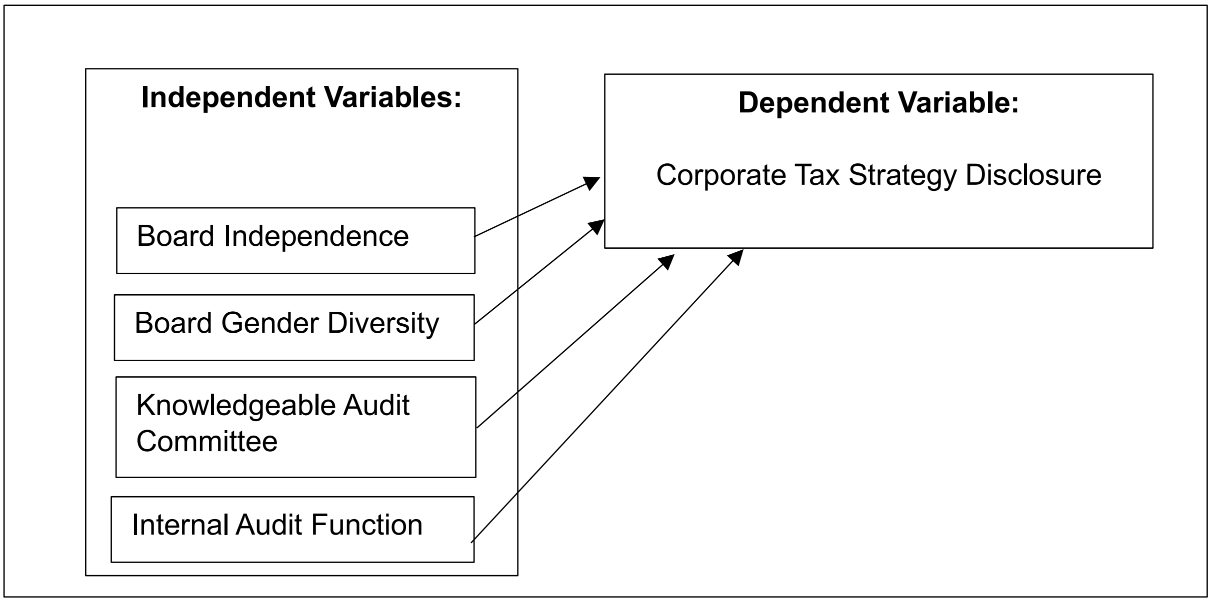

Figure 1: Proposed Conceptual Framework

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Research Methodology

A quantitative research methodology using content analysis will be utilized in this study to determine the relationship between corporate governance mechanisms and CTSD among public listed companies in Malaysia. Content analysis is identified as the most appropriate research methodology because it allows researchers to systematically identify, classify and evaluate corporate disclosures provided through published documents. As a result, annual reports will serve as the main source of data for the study since these annual reports provide detailed tax-related information regarding all corporate governance practices.

The proposed measurement for CTSD is based upon a developed Corporate Tax Strategy Disclosure Index (CTSDi), developed using previous literature relevant to corporate governance and tax transparency guidelines. The CTSDI may include items relating to tax governance, tax strategy, tax risk management, compliance with tax laws, board oversight of taxation and relationships with tax authorities. Each disclosure item would be systematically assessed through content analysis to determine the extent of CTSD by Malaysian listed companies.

The proposed study focuses on the top 100 public listed companies on the Bursa Malaysia Main Market, for the period from 2023 to 2025. As per prior studies, companies in the finance industry are excluded as these companies have a different regulatory environment and reporting structure which may also affect their disclosure practices related to taxes.

Conclusion, Limitation and Future Research

This study develops a conceptual framework for explaining how corporate governance mechanisms will affect CTSD in Malaysia. In this study, the proposed framework is grounded in Agency Theory. As such, it describes how board independence, board gender diversity, knowledgeable audit committee, and internal audit function can lead to increased transparency, accountability and responsible CTSD. The study expands current knowledge on CTSD in two ways: (i) shifting the research focus from the corporate tax avoidance outcome, to the CTSD, and (ii) focusing on the level of corporate tax transparency in an emerging economy. The proposed framework has several practical applications for regulators, policymakers, corporate board members, and investors. The results of this study will offer an academic base that regulators can use in enhancing current tax transparency initiatives and develop new and more comprehensive standards for CTSD. Boards, audit committees and internal auditors may utilize the proposed framework to facilitate enhance their governance practices, strengthen oversight of all matters relating to tax decision making, and enhance the quality of their company's tax-related disclosures. Investors, along with other interested parties, are likely to have greater ability to assess corporate accountability, governance quality, and tax-related risk based upon more transparent tax reporting.

While this study examined four corporate governance mechanisms future empirical research is encouraged to conduct additional empirical research to verify the proposed conceptual framework by applying it to Malaysian public listed companies. Additionally, researchers may choose to investigate how institutional factors namely ownership structure, firm size, industry characteristics, ESG practices, regulatory pressure affect corporate tax strategy disclosure and disclosures to gain further insight into the differences of corporate tax strategy disclosure across various organizational and institutional contexts.

Although corporate tax strategies disclosed by companies can be affected by the institutions surrounding those companies, including ownership structure, company size, industry features, regulatory pressures, and ESG, this study will concentrate exclusively on internal corporate governance mechanisms. There is justification for concentrating on internal corporate governance mechanisms. since board independence, board gender diversity, knowledgeable audit committees, and internal audit function have been recognized as being critical to the development of the three main forms of oversight which include monitoring, transparency, and accountability. However, it is reasonable to expect that external institutional conditions may affect corporate tax strategy disclosures and therefore could be included as moderators in empirical studies undertaken in the future to provide a more comprehensive understanding of corporate tax reporting.

Future empirical studies may operationalise the internal audit function using observable corporate governance mechanism reported in annual reports. This mechanism may include the existence of an internal audit function, the independence of the internal audit department, the reporting relationship between the internal audit function and the audit committee, the professional qualifications of internal auditors, the frequency of internal audit activities, and the adequacy of resources allocated to the internal audit function. Collectively, these mechanisms provide evidence of the effectiveness of the internal audit function in strengthening internal controls, improving corporate governance, and enhancing transparency in corporate tax strategy disclosure.

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