

## **Concession Timing and Tax Practitioners' Aggressiveness**

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This study contributes to existing research on tax authority - tax practitioner negotiation during tax audits, by providing the first evidence that concession timing matters. Negotiations of tax audit facilitate the interaction between taxpayers, tax practitioners and tax authorities. The role of negotiation in tax audit is to align the different motivations of taxpayers or tax practitioners and tax authorities. It permits a better understanding of the consequences of concession timing negotiation strategies adopt by the tax authorities on the aggressiveness of tax practitioners and their final offer. This study extends the model of negotiation developed by Tan and Trotman (2010) and Kwon and Weingart (2004) to include the variable, tax practitioners' aggressiveness in the negotiation model. Both studies found that concession strategies on financial officers' offers lead to satisfaction of outcome. This study also examines the role of fairness in tax negotiations. If taxpayers or tax practitioners perceive that the strategies adopt by the tax authorities are unfair to them, they may aggressively mitigate their tax payable by obtaining aggressive tax planning advices from tax practitioners. Many tax compliance studies have found that fairness perceptions are very important to improve voluntary compliance. Thus, this study may offer evidences on how negotiation strategies adopted by the tax authorities may influence the tax practitioners' aggressive stance and fairness perception in the tax audit negotiations. A practical implication of this study is it may provide insights to the tax authorities on the most appropriate strategies to collect underreported taxes and optimize taxpayers' satisfaction level. If the tax authorities apply the appropriate negotiation strategies in the tax audit process, voluntary tax compliance behavior of taxpayers or tax practitioners will improve.

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