

Analysis on the Impact of Tax Avoidance Behavior of Real Estate Enterprises on the Cost of Equity Capital

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Abstract

With the progress of information technology, although the Chinese government has constantly improved the tax collection and management mode, corporate tax avoidance still widely exists. The tax avoidance behavior of enterprises increases the uncertainty of tax payable and after-tax cash flow of enterprises to some extent, thus increasing the uncertainty of investors' expected return rate. Therefore, the tax avoidance behavior of enterprises affects the financing cost of enterprises to some extent. However, there are few studies on the impact of corporate tax avoidance on the cost of equity capital, and most scholars study all listed companies. Based on this, this article on China's real estate enterprises as the research object, with China's 90 listed real estate companies in 2009-2018 data as sample, respectively, based on book-tax differences (BTD) and the effective tax rate (ETR) the Angle of two kinds of real estate enterprises tax avoidance measure, USES empirical approach to analyze corporate tax avoidance impact on equity capital cost. The results show that the equity capital cost of real estate enterprises decreases first and then increases with the increase of tax avoidance.

Keywords

Tax avoidance, Cost of equity capital, Tax difference.

1. Introduction

With the progress of the society, the development of the world economy and the process of global integration is gradually accelerated, the competition of China's capital market is increasingly fierce, the company's operation and financial environment is increasingly complex, all enterprises are facing great pressure to survive. In recent years, with the exposure of tax avoidance behaviors of large transnational corporations such as apple, Microsoft and starbucks, the research on tax avoidance behaviors of enterprises has once again become the focus of domestic and foreign scholars. For Chinese enterprises, the interest rate is much higher than that of developed countries, and a quarter of pretax profits will be paid in the form of income tax within the specified period of time. Therefore, cash expenditure of tax burden becomes an important cost for enterprises, which often leads to tax planning so as to avoid the payment of income tax as much as possible. Although China's tax laws and regulations are being updated and improved at a faster pace, corporate tax avoidance is still widespread. According to the data released by the state administration of taxation, the annual growth rate of tax avoidance revenue in China is 26.4%.

Since the 1990s, with the progress of information technology, the Chinese government has been constantly improving the tax collection and management mode, and defined reasonable tax avoidance as: "within the scope of the law, taxpayers reduce their tax obligations to a minimum." The tax avoidance behavior of enterprises increases the uncertainty of tax payable and after-tax cash flow of enterprises to some extent, thus increasing the uncertainty of

investors' expected return rate. Therefore, the tax avoidance behavior of enterprises affects the financing cost of enterprises to some extent.

In recent years, China's real estate industry has developed rapidly, making great contribution to the rapid growth of China's economy and becoming one of the important industries of national and local tax sources. However, due to the surging bubble of the real estate market, the state has intensified its macro-control and introduced a lot of regulation policies, resulting in a sharp decline in market turnover and a decrease in profits of real estate enterprises, which will face more financial risks. Based on this, based on the real estate enterprises in our country as the research object, through empirical method to research our country real estate enterprise tax behavior and the relationship between the equity capital cost, and analyzes the tax avoidance of the influence of equity capital cost, on the basis of the related conclusion put forward countermeasures and Suggestions, aimed at a comprehensive understanding for the real estate enterprise tax avoidance, reasonable tax planning decisions to provide certain reference.

2. Research Status

2.1. Research on Corporate Tax Avoidance

Desai (2006) analyzed the relationship between corporate tax avoidance behavior and management incentive compensation through empirical research, and found that the increase of management incentive compensation tends to reduce the level of corporate tax avoidance. Beng (2009) studied three forms of tax avoidance, namely, book tax difference, permanent book tax difference and long-term effective cash tax rate, and believed that the financial condition of enterprises was one of the important factors that affected corporate tax avoidance. Richardson (2013) believes that companies that have established effective risk management and internal control systems have low tax avoidance motivation and degree. Roman Lanis (2013) studied the empirical relationship between corporate social responsibility (CSR) and tax avoidance and found that there was a negative relationship between CSR and tax avoidance, and there was a large permanent book tax difference.

Mihir a. Desai (2009) believes that corporate tax avoidance has A significant positive correlation with corporate value. Mayberry (2012) found that on the one hand, tax avoidance can provide more cash flow for enterprises, and on the other hand, it also exacerbates the moral hazard problem, causing the management to seek rent through excessive investment, which may further reduce the investment efficiency of enterprises. Bauer (2015) found that the higher the degree of corporate tax avoidance, the greater the possibility of internal control defects.

2.2. Research on the Cost of Equity Capital

Lamber (2007) found in his study that the improvement of the quality of accounting information disclosure would lead to a significant decrease in the company's cost of equity capital. Kevin (2009) believes that corporate governance has a significant negative impact on equity capital cost. In addition, the effect of corporate governance is more obvious in countries with relatively weak legal protection. Barth (2013) studied the relationship between earnings management and equity capital cost of a company, and the results showed that when the company's earnings transparency was low, some investors would spend more time to obtain the undisclosed information of the company, which led to the increase of equity capital cost.

2.3. Research on the Relationship Between Corporate Tax Avoidance and Equity Capital Cost

Kirsten a. Cook (2014) established A regression model to estimate the impact of the annual tax avoidance level of sample companies on the cost of equity capital, and found that with the increase of corporate tax avoidance, the ex ante cost of equity capital would increase. Hutchens

(2015), based on the perspective of corporate tax risks, evaluated the impact of aggressive tax avoidance on corporate tax risks by taking the cost of equity capital as an intermediate variable and found that the level of corporate income tax reserves was significantly positively correlated with the cost of equity capital. Beng Wee Goh (2016), based on Lambert(2007) 's expected cash flow model of the cost of equity, studied the relationship between corporate tax avoidance and the cost of equity capital, and found that corporate tax avoidance would bring cash inflow effect to enterprises, resulting in the reduction of the cost of equity capital. Xu zongyu (2018) studied the impact of corporate tax planning on equity capital cost, and found that there was a significant U-shaped relationship between tax planning and equity capital cost.

3. Relevant Theoretical Analysis

3.1. Information Asymmetry Theory

Asymmetric Information Theory was proposed by American economists George akerlof, Michael spence and Joseph stiglitz in the 1970s. This theory means that in a market economy, market participants have different degrees of information awareness due to different factors. Information asymmetry theory plays an important role in the research of this paper. Since most of the investors of listed real estate enterprises in China are small and medium investors, they can only check the disclosed financial reports and get to know the financial and operating conditions of the enterprises through data analysis, and they are at a disadvantage compared with the management.

3.2. Principal-Agent Theory

Principal-agent Theory was put forward by American economists burley and means in the 1930s. Based on information asymmetry theory, this theory advocates that enterprises should separate ownership and management rights from each other, which is the logical starting point of modern corporate governance. Since accounting profit is controllable, the management adopts tax avoidance to maximize corporate profit by adjusting taxable items.

3.3. Opportunistic Behavior

Opportunistic Behavior put forward by American economist Williamson, he think that people in social life will maximize to protect their own interests, sometimes will do damage to the interests of others. The scholar believes that some transactions in economic life have serious information asymmetry phenomenon, and information providers will obtain their own interests through deception and other means. Asymmetric information provides motivation for opportunistic behaviors, and when the benefits are truly obtained, it will strengthen individual opportunistic behaviors. According to opportunistic behavior theory, in order to realize their own interests, most managers will adjust the accounting profits and reduce the tax burden of enterprises in order to increase investors' estimation of future cash flow.

3.4. Optimal Financing Theory

Pecking Order Theory, also known as Pecking Order Theory, was proposed by American financier miles and Chilean scholar magilov in the 1980s. This theory is based on the theory of information asymmetry. According to the principle of signal transmission, in the case of perfect competition in the financial market (except information asymmetry), enterprises prefer internal financing, followed by external debt financing, and finally choose external equity financing. In the research process of this paper, the current cash flow saved by tax avoidance of real estate enterprises, as an endogenous financing, directly reduces the tax burden of enterprises and improves the disposable cash flow in the future. Therefore, in order to reduce the financial risks of enterprises and enhance the confidence of investors, most real estate enterprises choose to carry out reasonable tax planning to resist risks.

4. Current Situation of Tax Avoidance of Chinese Real Estate Enterprises

Real estate enterprises refer to economic organizations that take land and buildings as business objects, engage in real estate development, operation, management and service activities, and conduct independent operation and independent accounting for the purpose of making profits. Since the 1980s, with the rapid development of the national economy and the gradual acceleration of urbanization, real estate enterprises have gone through the initial stage, development stage, prosperity stage and stable stage. More and more enterprises have gradually become an important force to promote the development of the national economy.

According to the national bureau of statistics data show that in the 1980 s, China's real estate enterprises began to appear, the real estate enterprises is about more than 3000, from the beginning of the 21st century, the real estate industry began to rise, real estate enterprise quantity also showed increasing trend, at the end of 2000, the number 27303, at the end of 2010, the number is 85218. Up to now, there are as many as 95,879 registered real estate enterprises in China, and the specific statistics are shown in Fig. 1.

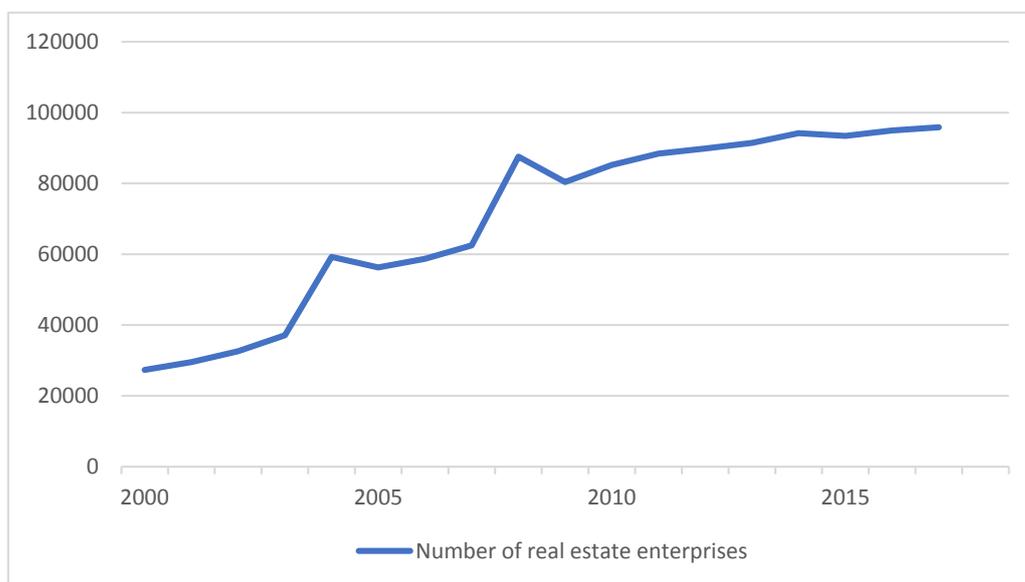


Fig 1. Statistical chart of the number of real estate enterprises

From the perspective of demand, at the end of 2017, the main business income of real estate enterprises was 9589.690 billion yuan, an increase of 6.4% compared with 2016. From the data of the last 17 years (Fig. 2), the main business income of real estate enterprises increased year by year, from 451.571 billion yuan in 2000 to 9589.690 billion yuan in 2017.

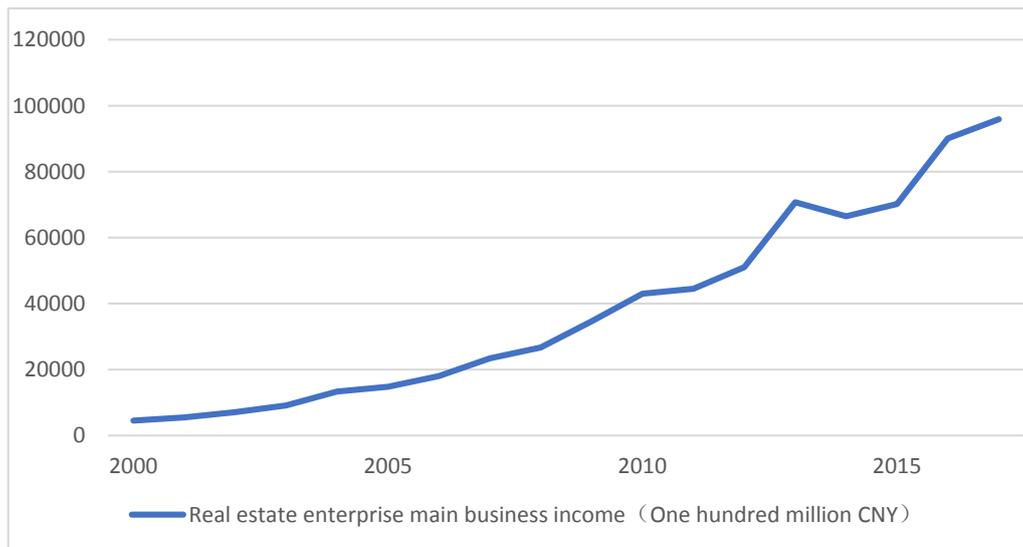


Fig 2. Main business income trend of real estate enterprises

Chinese real estate enterprises have the following characteristics.

(1) Large amount of investment and long project cycle

Real estate industry is a capital-intensive industry, and its development links are very complicated. From the start of the project to the completion of the project, a large amount of investment is needed, often millions. Most real estate projects adopt the mode of phased and rolling development, which requires multi-year or even multi-year construction, resulting in a long operation cycle and investment recovery period of the project.

(2) Large regional differences and policy orientation

Due to the differences in regional economic development, per capita income and other factors, the demand for real estate in different regions is significantly different, which directly influences the investment demand and development scale of real estate enterprises. On the other hand, due to the different development of industry in different regions, the policies in different regions have certain regional characteristics. At the same time, the state attaches high importance to real estate enterprises, and often introduces various policies to regulate the relationship between supply and demand in the market, so as to promote the healthy and stable development of real estate enterprises.

(3) High correlation

Real estate enterprises are closely related to the production and sales fields, and the development of their projects cannot be separated from the raw material supply of relevant industries. The later completion will undoubtedly bring opportunities to real estate dealers. As the core industry driving the growth of national economy, the real estate industry will drive the development of a series of upstream and downstream enterprises at the same time of its own development, thus affecting the market economy more significantly.

(4) The enterprise structure tends to be diversified

In the early 1980s, state-owned enterprises (soes), the dominant force in the market, grew rapidly. As the government became more inclusive of real estate enterprises, some private enterprises mushroomed. According to the statistics of major economic websites every year, the growth and competitiveness of private enterprises far exceed that of state-owned enterprises. With the continuous influx of foreign enterprises, China's real estate industry gradually tends to diversify and develop.

(5) High financial risk

Most real estate enterprises' capital comes from commercial loans, and investment and income are often not in the same accounting period. In this case, the expense and income of the enterprise are not matched, which may lead to the normal operation of the enterprise's capital, thus increasing the financial risk the enterprise faces.

China's real estate industry is a diversified industry with high investment, high returns and high risks. In order to reduce the financial risks of enterprises and enhance the confidence of investors, most real estate enterprises choose reasonable tax planning to resist risks. However, real estate enterprises usually involve more taxes, including land value-added tax, corporate income tax, individual income tax, urban maintenance and construction tax, urban land use tax, property tax and stamp tax, which undoubtedly makes the tax avoidance of real estate enterprises more complicated.

5. Research Design

5.1. Research Hypothesis

Traditional tax avoidance concept holds that the current cash flow saved by tax avoidance, as an endogenous financing, directly reduces the tax burden of enterprises, improves the disposable cash flow in the future and maximizes profits. Based on this view, tax avoidance will improve investors' expectation of future cash flow of the enterprise. The more cash inflow in the future, the less business risks the enterprise will face, and then the return rate on investment required by investors will be reduced, which will lead to the reduction of the cost of equity capital.

On the other hand, tax avoidance brings human and material costs to enterprises. Aggressive tax avoidance may further increase the cash flow risks faced by enterprises, such as transfer pricing of transnational enterprises. In addition, whether an enterprise's tax avoidance behavior is legal and compliant depends largely on the discretion of the tax authorities, which makes the enterprise face the risk of tax recovery or even penalty of interest, thus increasing the uncertainty of future cash flow. Once aggressive tax avoidance is exposed, companies face reputational risks and diminished corporate value. Therefore, all kinds of costs and risks caused by tax avoidance will reduce investors' expectation of future cash flow of enterprises, thus increasing the rate of return on investment, thus leading to the rise of the cost of equity capital.

Considering the comprehensive effect of income and risk of corporate tax avoidance, its influence on the cost of equity capital depends on the degree of corporate tax avoidance. In addition, real estate enterprises are faced with higher financing risks and higher demand for cash flow. If the degree of tax avoidance is controlled below a certain level and the cash flow income generated by tax avoidance is higher than the corresponding risk, investors will be optimistic about corporate tax avoidance and thus reduce the rate of return. If the degree of tax avoidance exceeds the reasonable range, the aggravation of various risks and the increase of costs exceed the benefits, thus making investors make negative evaluation on the enterprise and improve the rate of return. Therefore, through the comprehensive analysis of the benefits and risks of corporate tax avoidance, it can be concluded that there is not a simple linear relationship between real estate corporate tax avoidance and the cost of equity capital, and it may be a u-shaped relationship that declines first and then rises. Therefore, the following hypothesis is proposed:

Other things being equal, there is a u-shaped relationship between tax avoidance and equity capital cost.

5.2. Sample Selection and Data Sources

Based on the industry classification of the 2012 edition of China Securities Regulatory Commission, this paper selected the data of all a-share listed companies in China's real estate

industry from 2009 to 2018 as the basic samples, and 129 sample companies were selected. In order to ensure the accuracy of the research results, the following samples were excluded: (1) ST and *ST companies, A total of 6 sample companies; (2) there are no income tax expenses or income tax expenses are negative companies, a total of 28 sample companies; (3) companies with missing data required by each variable calculation, a total of 5 sample companies. After removing the above sample companies, 90 listed real estate companies are finally determined as the research samples of this paper.

The data of sample companies selected in this paper are mainly from CSMAR database, the official websites of shenzhen stock exchange and Shanghai stock exchange, and processed with Excel and SPSS 23.0.

5.3. Study the Selection of Variables

5.3.1. Explained Variable

This paper USES the capital asset pricing model (CAPM) widely adopted and used by domestic and foreign scholars to measure the equity capital cost of real estate enterprises, in which the risk-free interest rate is selected to calculate the one-year deposit rate of the central bank.

5.3.2. Explanatory Variables

Considering the accounting standards and tax laws in China, combined with the current economic situation and the availability of data, this paper measures the tax avoidance behavior of real estate enterprises from two perspectives of book-tax difference (BTD) and effective tax rate (ETR).

(1) Book-tax difference (BTD)

In this paper, Zhang Tianmin (2012) was referred to to eliminate institutional factors and earnings management factors, and the residual obtained from regression analysis was used to measure corporate tax avoidance (BTD). The specific model is as follows:

Meeting tax difference is to show the difference between accountant income and taxable income, namely the difference between current total pretax profit and taxable income amount, namely meeting tax difference = total profit amount - taxable income amount.

This article selects the financial expenses (INE), management expenses (MAE), operating expenses (OPE), revenue (REV), Fixed assets (PPE), inventory (STO), intangible assets (INT), accounts receivable (REC), return on investment (RET) as a cause will tax differences between the system factors variables, and control them in metric tax avoidance.

In order to more accurately measure corporate tax avoidance, besides considering factors caused by the proposed system can tax differences, eliminate earnings management factors, should also be considered in this paper, based on the modified Jones model, into the independent variables during the intangible assets and other long-term assets and costs, to measure earnings management factors, specific model is as follows.

$$\frac{TA_{i,t}}{Asset_{i,t-1}} = \beta_0 \frac{1}{Asset_{i,t-1}} + \beta_1 \frac{\Delta REV_{i,t} - \Delta REC_{i,t}}{Asset_{i,t-1}} + \beta_2 \frac{PPE_{i,t}}{Asset_{i,t-1}} + \beta_3 \frac{INT_{i,t}}{Asset_{i,t-1}} + \beta_4 \frac{\Delta Fee_{i,t}}{Asset_{i,t-1}} + \varepsilon_{i,t}$$

The residual $\varepsilon_{i,t}$ in the model is the discretionary accrual $DA_{i,t}$ and can be used as the earnings management level of the company.

This paper USES the balance sheet method to calculate accrued profits $TA_{i,t}$, as follows.

$$TA_{i,t} = \Delta Asset_{i,t-1} - \Delta Cash_{i,t-1} - \Delta Liability_{i,t-1}$$

To sum up, after eliminating institutional factors and earnings management factors, the residual obtained from regression analysis is used to measure corporate book-tax avoidance (BTD). The specific model is as follows.

$$\begin{aligned} \frac{Total\ BTD_{i,t}}{Asset_{i,t-1}} = & \beta_0 \frac{1}{Asset_{i,t-1}} + \beta_1 \frac{DA_{i,t}}{Asset_{i,t-1}} + \beta_2 \frac{INE_{i,t}}{Asset_{i,t-1}} + \beta_3 \frac{MAE_{i,t}}{Asset_{i,t-1}} \\ & + \beta_4 \frac{OPE_{i,t}}{Asset_{i,t-1}} + \beta_5 \frac{REV_{i,t}}{Asset_{i,t-1}} + \beta_6 \frac{PPE_{i,t}}{Asset_{i,t-1}} + \beta_7 \frac{STO_{i,t}}{Asset_{i,t-1}} \\ & + \beta_8 \frac{INT_{i,t}}{Asset_{i,t-1}} + \beta_9 \frac{REC_{i,t}}{Asset_{i,t-1}} + \beta_{10} \frac{RET_{i,t}}{Asset_{i,t-1}} + \varepsilon_{i,t} \end{aligned}$$

(2) Effective tax rate (ETR)

In this paper, the applicable tax rate of enterprises is subtracted from the calculated effective tax rate to measure the tax avoidance behavior of real estate enterprises. The larger the calculated value is, the higher the tax avoidance degree will be. The specific model is as follows:

$$ETR = Rate - \frac{CIT}{PBT}$$

5.3.3. Control Variables

Rights and interests of real estate enterprise cost of capital is influenced by many factors, so the research on the equity capital tax avoidance affected when the other variables must be controlled, by analyzing a large number of relevant literature, this paper finally determine the market volatility (Beta), enterprise scale (Size) and leverage (Lev), operating capacity (Turn), the profitability (ROE) five control variables.

Table 1. Variable definition table

Variable types	The variable name	Variable symbol	Variable definitions
Explained variable	Cost of equity capital	COE	based on the capital asset pricing model
	Tax avoidance	BTD	After deducting the system factor and earnings management, the meeting tax difference
Explanatory variables	Tax avoidance	ETR	The difference between the applicable tax rate and the effective tax rate
			Control variables
Control variables	Market volatility	Beta	Beta company stock Beta value
	Size Of company	Size	the natural logarithm of a company's total assets
	Leverage level	Lev	asset-liability ratio = total ending liabilities/total ending assets
	Operating capacity	Turn	total assets turnover = sales revenue/total assets at the end of the period
	profitability	ROE	ROE = net profit/net asset

5.4. Model Construction

After determining the explanatory variables, explained variables and control variables needed for empirical analysis, this section constructs a regression equation of the impact of tax avoidance of real estate enterprises on the cost of equity capital.

According to the hypothesis of this paper, the equation is constructed as follows:

$$COE = \beta_0 + \beta_1 BTD + \beta_2 BTD^2 + \beta_3 Beta + \beta_4 Size + \beta_5 Lev + \beta_6 Turn + \beta_7 ROE + \varepsilon$$

$$COE = \beta_0 + \beta_1 ETR + \beta_2 ETR^2 + \beta_3 Beta + \beta_4 Size + \beta_5 Lev + \beta_6 Turn + \beta_7 ROE + \varepsilon$$

6. Empirical Analysis

6.1. Descriptive Statistical Analysis

Table 2. Descriptive statistics

	Sample size	Minimum	Maximum	Mean	Standard deviation
COE	894	0.0001	0.0275	0.0052	0.0901
BTD	894	-11.0848	8.3162	0.0090	0.9562
ETR	894	-0.2475	0.2500	0.2225	0.05461
Beta	894	0.1107	2.2647	1.1796	0.2283
Size	894	19.7490	28.0554	23.4453	1.3133
Lev	894	0.1028	0.9839	0.6526	0.1595
Turn	894	0.0095	1.4933	0.2569	0.1556
ROE	894	-33.0006	1.2253	0.0642	1.1113

As can be seen from Table 2, there is a certain gap in the cost of equity capital of each sample company, and tax avoidance is common in real estate enterprises, and the degree of tax avoidance is quite different, which is related to China's tax system at various stages and investors' attention to corporate tax avoidance.

6.2. Multiple Regression Analysis

Table 3 Regression coefficient table

	COE(1)		COE(2)	
	Coefficient	Sig.	Coefficient	Sig.
(Constant)	0.059	0.000	0.059	0.000
BTD	0.000	0.013		
BTD2	0.002	0.009		
ETR			0.000	0.004
ETR2			0.000	0.036
Beta	-0.018	0.000	-0.018	0.000
Size	-0.002	0.000	-0.002	0.000
Lev	0.007	0.005	0.007	0.004
Turn	0.003	0.202	0.003	0.230
ROE	0.000	0.228	0.000	0.251
R2-adjusted	0.194		0.196	
F	31.482		31.806	
Prob(F-statistic)	0.000		0.000	

Regression results show that the coefficient of the second term (BTD2) of the agent variable of tax avoidance behavior of real estate enterprises is 0.002, which is significantly positive at the confidence level of 5%, and the coefficient of the first term (BTD) is 0.0005, which is significantly positive at the confidence level of 1%. According to the nature of the quadratic

equation, the tax avoidance behavior of real estate enterprises and the cost of equity capital decreased first and then went public in a u-shaped relationship, which is consistent with hypothesis 1.

At the same time, the measurement index of tax avoidance behavior of real estate enterprises was changed to ETR. The regression results showed that the quadratic term (ETR²) of the agent variable of tax avoidance behavior of real estate enterprises was significantly positive at the confidence level of 5%, and its first term (ETR) was significantly positive at the confidence level of 1%, which was consistent with hypothesis 1.

This shows that for Chinese real estate enterprises, when tax avoidance is less, marginal tax-saving income plays an advantage, which helps to increase investors' expectation of the future cash flow of the enterprise and then reduce the required rate of return. Once corporate tax avoidance exceeds the reasonable range, the risks faced by enterprises become the dominant factor affecting the cost of equity capital, which leads investors to demand higher risk premium as compensation. Thus, investors have responded to corporate tax avoidance and adjusted the cost of capital. Therefore, real estate enterprises should attach importance to the long-term development of enterprises, carry out reasonable tax planning, actively supervise their operation, control business risks and improve business efficiency.

7. Conclusion

According to the results of empirical analysis, there is a u-shaped relationship between tax avoidance behaviors of real estate enterprises and the cost of equity capital, which has passed the significance test. This shows that for Chinese real estate enterprises, when tax avoidance behaviors are less, investors will reduce their required return on investment. Once corporate tax avoidance exceeds the reasonable range, investors give feedback to corporate tax avoidance behavior, and then improve the required rate of return on investment. Therefore, real estate enterprises should not only focus on the short-term tax saving effect, but should base on the long-term, carry out reasonable tax planning, control the risk of tax avoidance and improve the enterprise value.

In enterprises with a good governance structure, reasonable tax avoidance can reduce the tax burden of enterprises, maximize the enterprise value, and thus reduce the cost of equity capital. Therefore, establishing a perfect internal governance structure and strengthening the supervision of managers can effectively inhibit the opportunistic behaviors of managers and promote managers to conduct reasonable tax avoidance behaviors in the interests of shareholders.

In addition, real estate enterprises should establish an effective internal control system to ensure the authenticity and integrity of the information disclosed to the outside world, protect enterprise assets, reduce operational risks, promote the standardization of enterprise operation, and achieve the strategic goals of the enterprise. Specifically, enterprises can regularly evaluate the operation effect of the supervision mechanism, measure the level of corporate governance, improve internal information communication and transmission channels, timely find problems in corporate governance, and organize company members to put forward Suggestions and improve measures to improve the efficiency and effect of the operation of the supervision mechanism.

Finally, it is necessary to strengthen the construction of financial management team. Aggressive tax avoidance will bring a lot of negative effects to enterprises, so enterprises should pay attention to the risk of tax avoidance, improve the understanding of relevant financial knowledge, and establish the awareness of tax risks. In addition, to strengthen the management and follow-up training of financial executives, the professional level of financial executives can be improved through regular training, their awareness of tax risks can be strengthened, and the

internal system of financial management can be improved, so as to facilitate financial executives to make tax planning within a reasonable range and increase the financing ability of enterprises.

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