~~INFLUENCE OF CORPORATE GOVERNANCE DISCLOSURE ON TAX EVASION PLANING TRENDS OF LISTED COMPANIES ON THE STOCK EXCHANGE OF THAILAND~~

A quantitative study of listed companies on the stock exchange of Thailand

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Abstract

This study examines the influence of corporate governance disclosures ~~for~~ tax evasion planning trends of 216 Thai companies listed on the Stock Exchange of Thailand. Data is collected from good corporate governance reports, corporate social responsibility report Sustainability disclosures, annual report (form 56-1), annual financial statements, and notes to the financial statements in the accounting period 2018. Quantitative research methods are considered appropriate for this study using Multiple Linear Regression for data analysis.

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The results of the study reveals that the good corporate governance principles based on Good Corporate Governance Criteria of 2017 or the CG Code have a positive influence on tax evasion planning using tax ratio method to measure cash flow from operating activities (CFO). The result of measurement shows 74% at the statistically significant level 01. The size of good corporate governance disclosures has an influence on reduction in tax evasion planning significantly. Good corporate governance criteria in 2017 or the CG Code in this study influences on the reduction of tax evasion planning. Listed companies disclose information of good corporate governance based on the good corporate governance criteria of 2017 or the CG Code, it enhances the company's image of transparency and reliability.

Keywords: *corporate governance, tax planning, tax evasion, tax evasion planning trends*

1. Introduction

Corporate Governance (CG) is an effective management of listed companies which needs to enhance efficiency, transparency, and verifiability. This also creates confidence and reliability to shareholders and all stakeholders (Puangyani et al., 2018). Most listed companies are having different approaches and patterns of corporate governance. It depends on the discretion of the decisions or view of executives in formulating a good corporate governance policy and disclosing good corporate governance to public. And this is one of the most things that the executives of each company need to set the characterization of the disclosures. The study of Tanchanpong, (2015) supported this concept and found that good corporate governance had a positive direct and indirect influence on a company's performance using the measurement of Tobin's Q value through the tax planning. This can be seen that good corporate governance is very important to the listed company. In 2002, the Stock Exchange of Thailand started a campaign and support listed companies to realize the importance and benefits of good corporate governance (The Stock Exchange of Thailand, 2012). In relation to this, the Stock Exchange of Thailand revised the latest corporate governance principles using corporate governance in the form of Corporate Governance Code for Listed Companies (CG Code) in March 2017 (The Stock Exchange of Thailand, 2017). The Securities and Exchange Commission and other related organizations within the Stock Exchange Market have issued good corporate governance principles for Thai-listed companies in 2017. It was a reporting guideline of good corporate governance guideline aiming to create a sustainable value to the Thai-listed company in terms of relationship structure and practices for transparency, and responsibility of the board of directors (Chantadech, 2018). This was also to build reliability to investors as a practice for the board of directors in which they were highest executives of a listed company. The good corporate governance principles were aiming to be applied with the corporate governance of a company for enhancing good performance in long term.

By having the good corporate governance principles, a listed company can build credibility and reliability to its shareholders and stakeholders both immediately and in future. This not only creates sustainable value to the listed company, also meet the expectations of a company's investors and build reputation in capital markets and society as a whole (The Stock Exchange of Thailand, 2017). In accordance with the principles of good corporate governance for the companies listed in 2017 or CG Code, there were eight principles. The principles were different from the practices or the CG Principles issued in 2012, five principles. The eight principles were expected to enhance corporate governance in line with international good corporate governance practices and ensure that the disclosure of corporate governance meet the international formats. The same form of information in a good corporate governance report could be used by a group of investors to support investment decisions.

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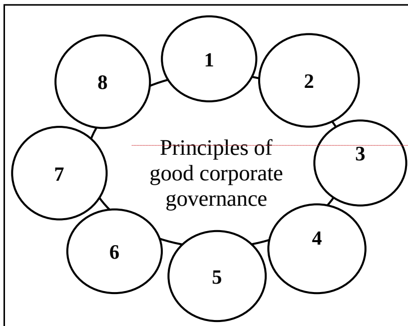
Therefore, this study expected that when the Stock Exchange of Thailand changed the good corporate governance practices from the CG principles of 2012 to the good corporate governance

Commented [K7]: List of shortcuts is missing principles according to the CG Code in 2017, this could create influence on tax evasion planning trends, whether the result of the study was as same as the results of previous studies or not. And to support the assumption of the Stock Exchange of Thailand, when the corporate governance practices were changed, whether the listed company could meet the international standard in creating transparency and credibility of the company or not.

2. Literature review

2.1 Good corporate governance principles of 2017 for listed companies

Good corporate governance principles for accountability of the board of directors to build reliability to investors, as well as creating relationship structure and practice for transparency. This is an important factor for listed companies those having shareholders. However, the creation of reliability to shareholder is not enough to be a good listed company. Listed company needs to disclose good performance of its operation to support investors' decisions. Therefore, the listed company needs to have a good relationship with the stakeholders and adapt the business operations for the change in various circumstances in order to grow and survive for long-term. The Securities and Exchange Commission issued the good corporate governance principles or the Corporate Governance Code (CG Code) as a practice guideline for listed companies. The Code of Conduct of Good Corporate Governance of 2017 or the CG Code has eight principles in which they are different from the CG principles of 2012 (Chantadech, 2018; The Stock Exchange of Thailand,



Principle 1: Establish Clear Leadership Role and Responsibilities of the Board
Principle 2: Define Objectives that Promote Sustainable Value Creation
Principle 3: Strengthen Board Effectiveness
Principle 4: Ensure Effective CEO and People Management
Principle 5: Nurture Innovation and Responsible Business
Principle 6: Strengthen Effective Risk Management and Internal Control
Principle 7: Ensure Disclosure and Financial Integrity
Principle 8: Ensure Engagement and Communication with

Figure 1: Principles of good corporate governance for listed company

The good corporate governance principles were expected to be applied with the corporate governance of the listed company in order to ensure good performance in long term. The principles

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were also aiming at building reliability and trustworthiness of the board of directors to the stakeholders and enhancing sustainable value to the firms. The good corporate governance principles were an appropriate practices that helped listed companies in creating sustainable value to meet the expectations of investors, capital markets and society as a whole (The Stock Exchange of Thailand, 2017).

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The Stock Exchange of Thailand created five principles of corporate governance in 2017. The three of CG Code was added to ensure the accuracy of corporate governance in line with the good corporate governance practices that International standard. And the corporate governance disclosure was expected to meet the international reporting formats. As a result, investors enable to use corporate governance disclosure of a listed company to support investment decisions. This change can compare between the changes in CG Code and CG Principles as shown in Table 1.

Table1: The changes in practices of good corporate governance principles

Principles underlying CG code	Similarity or difference from CG principles
Principle 1: Establish Clear Leadership Role and Responsibilities of the Board	Does not disclose
Principle 2: Define Objectives that Promote Sustainable Value Creation	Does not disclose
Principle 3: Strengthen Board Effectiveness	Content taken from Section 5 CG Principles (Board Responsibilities).
Principle 4: Ensure Effective CEO and People Management	Does not disclose
Principle 5: Nurture Innovation and Responsible Business	Content is taken from Section 3 CG Principles (Stakeholder Roles)
Principle 6: Strengthen Effective Risk Management and Internal Control	Content is taken from Section 4 CG Principles (Disclosure and Transparency)
Principle 7: Ensure Disclosure and Financial Integrity	Content is taken from Section 4 CG Principles (Disclosure and Transparency)
Principle 8: Ensure Engagement and Communication with Shareholders.	Content is taken from Section 1 CG Principles (Shareholder Rights and Section 2 (Equitable Treatment of Shareholders)

Source: Principles of good corporate governance for listed company (Chantadech, 2018; The Stock Exchange of Thailand, 2017)

2.2 Tax evasion planning

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2.2.1 Tax planning concepts

Tax planning is a comprehensive preparation for accurate tax payment in which companies can obtain various tax benefits based on the tax law within the country. As required by tax law, tax planning helps company to evaluate appropriate tax payment and to avoid penalty fees due tax evasion (Tanchanpong, 2015). However, tax planning for a corporate perspective can be seen as tax planning strategies to reduce amount of tax payment. It can also consider as using legal benefits to avoid tax payment (Dyreng et al., 2007), such as using a tax planning method to reduce profits in order to reduce tax payment. This is known as Tax Aggressive Planning (Coppens & Peek, 2005). The Tax Aggressive Planning is used for a reduction in accounting profit management which also reduces taxable profits (Goncharov & Zimmermann, 2006). A company that increases in accounting income and reduce its tax income in the same accounting period is using inconsistency between accounting standards and tax principles (Frank et al., 2009). A company that established in other countries can have a chance to avoid tax payment by conducting transactions through a structure with a company in different countries with different tax laws. This helps a company to avoid tax payments which is known as tax avoidance (Rego, 2003). A company located in a lower tax country enables to allocate a portion of income from a company in other countries with higher taxes (Collins et al., 1998). A study of the role of the committee as an influence on corporate tax planning shows that management on behalf of shareholders (Lanis & Richardson, 2011) and Tax Aggressive Planning enables a company to reduce taxable profits (Chen et al., 2010). This can increase the benefits for shareholders. A company's costs can increase from the tax savings including transaction costs, reputation cost, and political costs. In addition, a company with low level of good corporate government intends to use more proactive tax planning in order to avoid tax payment. In this case, shareholders may not approve executives to do anything regarding proactive tax evasion planning.

Although proactive tax evasion planning creates an opportunity to generate high profits, management can be offered a benefit from a company that is consistent with the shareholder's benefits. This could reduce the level of tax evasion planning (Desai & Dharmapata, 2006). Proactive is not the best tax planning policy for every company. This is because it depends on whether the benefits are worth enough comparing with costs or expenses. However, the concept of Corporate Social Responsibility emphasizes the relationship between a company and its stakeholders along with social activities such as government agencies, political groups, suppliers, employees, and customers. A company that pays proper taxes can be considered as a corporate social responsibility or CSR. A corporate social responsibility (CSR) is the business tool that facilitates a company to describe the relationship between good corporate governance and tax planning in annual report. Being a corporate social responsibility (CSR), a company is considered as a social responsibility organization in terms of legal compliance firms reducing tax evasion planning.

2.2.2 Earning management and Tax evasion

One of the main purposes of financial reports is used for tax measurements. A company prepares profits/loses reporting influencing on a company's tax management efforts. There are two factors that influence taxation on the management of financial reporting: (1) Tax incentives have a strong influence on the financial statements in a country where accounting practice is consistent with tax practice, such as when tax accounting regulations comply with financial accounting rules, (2) Use of financial reports in contracting or dealing with stakeholders has a strongly negative impact on tax management due to the contract used for accounting and tax computation basis. This causes financial reports are more conflicted (Ball & Shivakumar, 2005). Although a company is able to manage earnings in accordance with the tax principles, a company may not do so because it could be targeted by the government if there is huge difference of profits according to accounting and tax principle (Badetscher et al., 2009; Cloyd, 1995; Mills, 1998). This can be tempered by external editors (Hanlon et.al. 2006). Tax incentives of a company can reduce the benefits from earning management. This results in laws of some countries have tax incentives to support investment such as reduction in tax rates and exemption of partial income (Coppens & Peek, 2005). This is commonly referred to as tax evasion which a company discloses unusually high profits and subject to low tax rates under tax law (Sullivan, 2004).

~~Income~~ management schemes help a company to reduce tax revenues with government that require high-tax rate payment. When economic growth gradually and other social benefits are paid, executives are looking for way to hide tax evasion from users of financial statements. A company may not disclose income generated from geographic operations. Therefore, there is an opportunity to avoid the disclosure of any information in relation to tax evasion (Hope et al., 2013). However, tax evasion does not mean the company is doing the wrong due. There are a variety of tax laws that allow companies to reduce the amount of their taxes. Somehow, tax laws are not clear and complicated in practices. Companies face completed transactions which results in companies may lose their returns in order to have appropriate taxes (Dyreng et al., 2007).

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Tax evasion refers to the intention of tax evasion by dishonest or illegal manner such as preparing two sets of accounts, disclosing lower amount of sales or incomes, reporting higher expenses, issuing a tax invoice without rights, intending to avoid reporting financial transactions, and using counterfeit stamp on the tax reports as follows;

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1. Intending to fill tax return report or responding untruthful answers to required questions, creating incorrect information and incorrect evidence. Having intention of fraud or dishonesty to avoid or attempt to avoid taxation.

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2. Intending to neglect or not filing or trying to avoid taxation

3. In the Value Added Tax system, listed companies attempt to avoid or intentionally avoid Value Added Tax.

4. With the intention of fraudulent by using counterfeit stamps, used stamps, and or unused stamps on the tax reports. Tax evasion companies must take responsivity to pay extra fines which is a civil penalty without reduced penalty. Companies with tax evasion are also convicted of both criminal cases and pay fines. Companies cannot use the expenses incurred from the penalty to be recorded as expenses in order to calculate taxable profits or losses (Chotsuwan & Thongkong, 2019).

2.2.3 Tax planning for Book-Tax Conforming Tax Planning

Tax ratio per cash flow ratio (TAX / CFO) is used for calculation of the net income from operation (Klinphanich et al., 2019; Tanchanpong, 2014). Income and expenses are recorded based on an accrual basis which has not yet been actually received or paid (Zimmerman, 1983). The cash flow statement presents the non-cash income and expenses that have been incorporated into the actual performance of a company. Calculation of net cash flows from operating activities is not affected by the profit management that uses the accrual basis (Zimmerman, 1983). When a company has low tax expenses, it can increase the cash flow from operating activities and this results in tax ratio per cash flow ratio has lower value. For example, a company has 100 Baht of operating activities and a tax expense of 25 Baht. A company has a TAX / CFO value of 25 percent with reduction in taxation, 5 Baht. This can increase in cash flow from operating activities equal to 105 Baht

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What is net accounting profit (loss) and net taxable profit (loss)?

Net accounting profit (loss) refers to the profit and loss shown in the income statement is derived from accounting income minus accounting expenses. Net taxable profit (loss) is the profit and loss used in tax computation derived from taxable income minus taxation.

There are different relationships between net accounting profits and net taxable profits (loss) are as follows:

1. Some income transitions are considered as income. Accounting principles are not considered income, but tax principles are considered income. This results in taxable profit is higher than the accounting profit.

2. Income that has the right to exempt from accurate income. Accounting principles are considered as income, but tax principles are not considered as income. This results in taxable profit is lower than accounting profit

3. Some prohibited expenses are considered as expenses by accounting principles. But principle of taxation is not considered as expenses. These results in accounting profit are lower than taxable profit.

4. Deductable expenses are increased. The principle of taxation defines as deductable expenses while accounting principles are not considered as deductable expenses. These results in taxable profits are lower than accounting profits.

In addition, accounting principles evaluate assets and liabilities differently to the taxation principles. This affects the accounting net profit and the taxable net profits differently.

The reason for the differences between two principles is from the different recognition principles of income and expenses. The accounting principle uses an accrual basis based on accounting standards for recognizing income and expenditures while taxation principles applies eligibility criteria under the Revenue Code. This can be written as an equation for adjusting accounting profit as taxable profit (Chotsuwan & Thongkong, 2019). The good corporate governance mechanism can help a company to comply with the tax laws, especially tax planning, so that the company can remain in society. The committees can be a tax planning mechanism for compliance with the tax law. This is due to the committees have a role in formulating tax planning strategies that will affect stakeholders and society as a whole. The agent cost theory may not be able to explain the relationship between corporate governance and tax planning. This is because agent

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cost theory emphasizes the relationship between management and a company's shareholders. And this is the view of the representatives. Therefore, the committee should be organized to ensure that stakeholders and society meet their expectations (Ibrahim et al., 2003). Furthermore, the composition of the committees with tax planning is considered as it is an important factor for effective management control, whether the directors are selected from the management or not. The proportion of the directors from the management has an influence on the response to social needs. Therefore, this study created one hypothesis (H1) underlying review of previous study as follows;

H1: The influence of good corporate governance positively affects tax evasion planning trends with the tax-to-cash flow ratio method from operating activities

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3. Methodology

This study employed quantitative research methods for data analysis. Data was collected from Annual Report (Form 56-1), Financial Statements 2018, and Notes to Financial Statements of Listed Companies. The focus of this study was to examine an influence of good corporate governance disclosure towards tax evasion planning trends of listed companies in the Stock Exchange of Thailand. The study designed a worksheet format to measure the statistical disclosure of good corporate governance information of listed companies of 2017 underlying the Corporate Governance Code for Listed Companies 2017 (Chantadech, 2018). The influence on tax planning of listed companies was investigated towards tax planning profits in terms of accounting profits and taxable profit reduction. The tax rate ratio was measured with the cash flow ratio from operating (CFO) (Tanchanpong, 2014).

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3.1 Samples

216 samples were selected from total population of 468 listed-companies in Thailand. The random sampling methods were employed to evaluate samples using Yamane's formula (Yamane, 1973), as shown in Table 2.

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Table 2: Population and sample groups used in the research

Industry sector	Total population	Measurement	Sample
1. Agro industry and food industry	52	(52 x 216) / 468	24
2. Consumer goods industry	39	(39 x 216) / 468	18
3. Industrial Products Industrial	89	(89 x 216) / 468	41
4. Real Estate and Construction	86	(96 x 216) / 468	44
6. Resource Industry	47	(47 x 216) / 468	22
7. Service industry	110	(110 x 216) / 468	51
8. Technology Industry	35	(35 x 216) / 468	16
Total	**468**		**216**

Source: The Stock Exchange of Thailand (2018) edited by the researcher

3.2 Data collection

The study designed a recording data form identifying the good corporate governance practices of 8 principles to analyse the information in corporate governance disclosures. Each sentence that relevant to the corporate governance code (CG Code) was identified as 1 mark. Corporate government disclosures of samples in line with the CG Code and met each aspect of the good corporate governance principles were analysed. Dependent variables were identified from the financial statements in terms of tax rate ratio as per cash flow from operation, taxable expenses were collected from the statement of comprehensive income; net cash flow from operating activities was collected from cash flow from operation. This was calculated by;

Taxable expenses / Net cash from operating activities) X 100

The analysis was performed as follows;

Each aspect of good corporate governance = <u>number of sentences for each company</u>

The maximum number of collective sentences of the samples

Where conditions are as follows: 0 <sentences analysed from each aspect > 1

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4. Finding and Discussion

H1: The influence of good corporate governance positively affects tax evasion planning trends with the tax-to-cash flow ratio method from operating activities

The results of analysis ~~was~~ confirmed H**1** that an influence of good corporate governance has positive impacts on tax planning towards tax evasion planning using tax rate ratio with cash flow from operating activities of sample companies. The results were relevant with the theory and empirical data considering the chi-square statistic 0.00. The degree of freedom (df) was significantly different from zero (p-value = 1.000) based on the standard, greater than 0.05. the relative chi-square value was no more than 2. When considering the consistency from the Harmony Index (GFI), the value was 1.00; the AGFI value was 1.00; the RMSEA value was 0.00, as shown in Table3.

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The influence of good corporate governance creates tax evasion planning also shows that good corporate governance enables to forecast tax planning evasion, 74%. When analysing good corporate governance for each ~~aspects~~, this study found that good corporate governance has an influences on reduction in size of tax evasion planning. CG6 was at highest level of 0.33**, followed by CG4 and CG8 (0.24**), CG2 (0.18**), CG3 and CG5 (0.16**), CG7 (0.15**), and CG1 (0.11**), respectively at statistically significant level 0.1 as follows.

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$$Z_{CFO} = 0.11\,(CG1) + 0.18\,(CG2) + 0.16\,(CG3) + 0.24\,(CG4) + 0.16\,(CG5) + 0.33\,(CG6) + 0.15\,(CG7) + 0.24\,(CG8)$$

Table 3: An influence of good corporate governance on tax planning towards tax evasion trends

Variables	Standard Coefficient	Standard Errors	t–values	P-value
CG1	0.11	0.22	3.31	.00**
CG2	0.18	0.19	7.51	.00**
CG3	0.16	0.17	5.36	.00**
CG4	0.24	0.18	10.29	.00**
CG5	0.16	0.21	5.86	.00**
CG6	0.33	0.17	13.66	.00**
CG7	0.15	0.18	5.02	.00**
CG8	0.24	0.18	8.02	.00**
Multiple R = 0.74, R Square = 0.55, Adjusted R Square = 0.52, Std. Error = 0.26**				

Note: * Statistical significance at the .05 level (1.960 ≤ t – value <2.576)

**** Statistical significance at level. 01 (t – value ≥ 2.576)**

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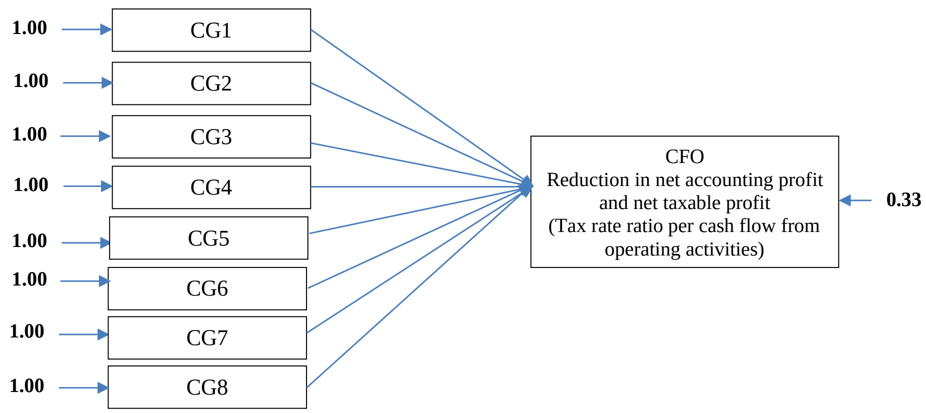

Figure 2: Analysis of the influence of good corporate governance (CG) on the tax-to-cash flow ratio from operating activities (CFO)

In addition, the comparison of statistical results was consistent with the research conceptual framework used in the analysis of established empirical data. When the results of the two analyses were compared, the preliminary agreement of statistical analysis with a statistical program was found and allowed to be relevant with the error variance (Wiratchai, 1999, p.312). As a result, the research conceptual framework with the established empirical data analysis was consistent with the empirical data collected in this study, as shown in Table 4.

Table 4: Analysis of conformity index

Integrity index	criteria	measured index	Evaluation results
χ^2/df	< 2.00	< 2.00	Meet criteria
GFI	≥ 0.95	1.00	Meet criteria
AGFI	≥ 0.90	1.00	Meet criteria
RMSEA	< 0.05	0.00	Meet criteria
NFI	≥ 0.90	1.00	Meet criteria
NNFI	≥ 0.90	1.00	Meet criteria
CFI	≥ 0.90	1.00	Meet criteria
SRMR	< 0.05	0.00	Meet criteria

This study concludes that sampling companies disclosing more information on corporate governance, they can reduce tax evasion planning trends which it was measured by the tax rate ratio method per cash flow from operating activities. Thus, **H1:** the influence of good corporate governance influencing tax avoidance planning, measured by the positive tax rate ratio per cash flow from operating activities is answered.

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4.1 Research findings

Based on the results of analysis, the influence of good corporate governance on tax evasion planning reveals that the influence of good corporate governance has a positive effect on tax evasion planning as per cash flow from operating (CFO) activities. Good corporate governance enables sampling companies to predict changes in tax planning trends, tax evasion, and tax rate ratio per cash flows from operating activities (CFO) at 74 %. An analysis of each aspect of good corporate governance reveals that the eight principles of good corporate governance had a statistically significant positive influence on tax planning evasion of tax rate ratio per cash flows from operating activities (CFOs) at statistically significant level 0.01. CG4 – Ensure effective CEO and people management was at highest level (0.48), followed by CG6 - Strengthen effective risk management and internal control (0.28), CG7 – Ensure disclosure and financial integrity (0.22), CG5 – Nurture innovation and responsible business (0.21), CG3 - Strengthen board effectiveness and CG8 – Ensure engagement and communication with shareholders (0.19), CG1 – Establish clear leadership role and responsibilities of the board (0.16), and CG2 - Define objectives that promote sustainable value creation (0.15), respectively. It was found that good corporate governance had a statistically significant positive direct influence at statically significance level 0.01 on tax evasion, and tax rate ratio method as per cash flow from operating (CFO) activities.

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4.2 Discussion of the results

Good corporate governance has a positive influence on the tax planning trends for tax evasion. The tax evasion planning was measured from the cash flow from operating activities (CFO) using tax rate ratio. Listed companies with good corporate governance are tending to reduce tax planning for tax evasion. This is because the tax rate ratio from operating activities can be lower than tax planning using tax rate ratio which is consistent with the theory of Desai & Dharmapata (2006). The principle of tax planning is to reduce the corporate income tax expenses by taking advantage of unclear legal practices of taxation. This helps listed companies pay corporate income tax at lower rate or avoid paying corporate income tax. This can be called tax evasion. The results of the study are consistent with the theory that when the listed companies disclose good corporate governance with all eight principles, it could reduce the opportunity in using tax planning trends for tax evasion. This enhances higher levels of transparency and credibility to the listed companies. This is consistent with the study of Tanchanpong (2014) that when listed companies adopt a tax planning strategy to reduce tax expenses, this creates lower operating costs and gain more profits. So using tax planning can affect net accounting profit and decrease net taxable profit based on cash flow ratio from operating activities. Thus, when the tax planning trends is increased, it can be indicated as low tax evasion. However, when listed companies pay more attention to corporate governance, companies are intending to reduce tax planning for tax evasion. There is a positive influence on tax evasion planning trends which is consistent with the study of Tanchanpong (2014) that good corporate governance can reduce the company's tax planning and good corporate governance has an influence on its operating performance through tax planning of listed companies (Tanchanpong, 2015). The results are also consistent with the study of Wahab & Holland (2012) that good corporate governance scores for independence committees has an influence on the downsizing of tax planning.

In addition, an increase in independent Executive Committee and corporate governance disclosures reduces tax planning trends of listed companies (Klinphanich et al., 2019) . The results of the study are consistent with the study of Klinphanich et al., (2019) that when listed companies gain higher corporate governance disclosure scores, companies are less interested in tax evasion planning. Investors can use information in the corporate governance disclosures to make investment decisions considering from related policies and various activities of good corporate governance. This includes transparency and reliability of financial information. Listed companies with a lower tendency to avoid taxes disclose more accurate and reliable information in good corporate governance reports. Therefore, listed companies that involve in corporate governance and supervision of other companies disclose accurate and useful information to the public. The company encourage other listed companies to pay more attention to the policies related to good corporate governance activities of 2017 or Corporate Governance (CG Code). And this still reflects the results and importance of good corporate governance activities which is not different from the practice in the past. Other firms that have already followed the CG Code enhance disclosure of good corporate governance information in order to meet the international level.

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5. Conclusion and recommendation

The findings ~~from~~ this study reveal that good corporate governance of sampling companies listed in the Stock Exchange of Thailand has a positive influence on tax planning trends for tax evasion. The analysis of tax evasion trends was based on the effective corporate income tax rate (ETR) and tax rate ratio per cash flow from operating (CFO) activities. This study employed the eight principles of good corporate governance for listed companies in 2017, or CG Code. The results were consistent with Tanchanpong (2014) that listed companies reduced tax planning by using principles of good corporate governance for listed companies in 2017 or CG principles. Sampling companies were involved in disclose information on good corporate governance including CG4 – Ensure effective CEO and people management was at highest level, CG6 - Strengthen effective risk management and internal control, CG7 – Ensure disclosure and financial integrity, CG5 – Nurture innovation and responsible business, CG3 - Strengthen board effectiveness and CG8 – Ensure engagement and communication with shareholders, CG1 – Establish clear leadership role and responsibilities of the board, and CG2 - Define objectives that promote sustainable value creation, respectively. This study found that good corporate governance had a statistically significant positive direct influence tax evasion planning using tax rate ratio method to calculate tax payment from cash flow from operating (CFO) activities.

Based on the results, listed companies disclosed information of good corporate governance based on the eight principles of corporate governance of CG Code to be recognized as good corporate governance with transparent and reliable firms. 216 of Thai-listed companies were selected for this study. Further study should select the samples from international companies listed in the stock exchange of Thailand or other countries with sample principles of good corporate governance. Quantitative research methods were employed in this study to conduct information in corporate governance disclosures. Future research should consider in-depth interview to conduct executives or top management involved in corporate structure, tax evasion planning, or tax rate ratio from cash flow from operating activities.

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