



Bachelor thesis

Spring 2018

Kristianstad University

Bachelor of science in business administration

Accounting and auditing

The perception on auditors' involvement in tax evasion arrangements

Authors

Julia Lundin
Gazmend Uka

Supervisor

Johan Alvehus

Examiner

Marina Jogmark

Lundin & Uka

Authors: Julia Lundin
Gazmend Uka

Title: The perception on auditors' involvement in tax evasion arrangements
Så uppfattas revisorernas inblandning i skatteflyktsupplägg

Supervisor: Johan Alvehus

Co-examiner: Yulia Ponomareva

Examiner: Marina Jogmark

Research level: Bachelor of Science and Business Administration

Pages: 39

Course: Bachelor Thesis in Business with Emphasis on Accounting and Auditing, FE6277

Date: 2018-08-20

Keywords: Auditor, audit firms, tax evasion, tax avoidance, Prem Sikka

Abstract

For most, offshore company setups in countries such as Panama or Ireland are tied to thoughts of illegal activities leading to tax evasion. Although in many cases these preconceptions seem to be in order, in general we seem to miss a key point in reasoning of how and why these activities are possible. The conclusions this study provides are based on material derived from qualitative interviews conducted in Sweden and are used to argue against existing research findings which point the auditor as a key player in tax evasion arrangements and a reason of tax evasion existence. In addition, we argue that issues of tax evasion are of complex nature and therefore no individual profession can be pointed to as a scapegoat, instead additional research needs be done in order to map and understand the processes that are involved in setting up a tax evasion arrangement. Furthermore, the material gathered by this research suggests that a better understanding of tax evasion arrangements might form the ground for an international collaboration such as effective common regulation against tax evasion. The interviews which this study is based upon are conducted on auditor stakeholders who have an understanding in taxation issues and who work near auditors and therefore have an adequate understanding of the auditor profession.

Acknowledgement

We, Julia Lundin and Gazmend Uka, have had a challenging but learning journey in making this thesis. For a period of ten weeks we have dedicated ourselves to the working on this thesis and worked through many challenges and obstacles to finally stand on the finishing line with what we find an interesting paper to present.

There are some people we wish to thank who have helped us throughout the journey of making this study. Johan Alvehus who has constantly challenged us and pushed us further and beyond what we believed was our capacity. We also wish to thank Annika Fjelkner for her patience and help with the language.

We would also like to thank all the people who have in any way contributed to this project as without your help we would not have been able to finish this project in the given timeframe. Last but not least, we send a special thank you to the people who kindly have taken time to participate in our interviews. We believe that, even if in a small way, your participation and this study will contribute to a greater social good.

Julia Lundin and Gazmend Uka

Table of content

| | | |
|----------|----------------------------------------------------------|-----------|
| 1 | INTRODUCTION..... | 1 |
| 1.1 | BACKGROUND..... | 1 |
| 1.2 | PROBLEMATIZATION | 3 |
| 1.3 | RESEARCH QUESTION | 5 |
| 1.4 | RESEARCH PURPOSE..... | 5 |
| 2 | THEORETICAL FRAMEWORK..... | 6 |
| 2.1 | TAX AVOIDANCE OR TAX EVASION | 6 |
| 2.2 | CONTROLLED FOREIGN COMPANY | 6 |
| 2.3 | THEORY OF AUDIT..... | 7 |
| 2.4 | FARS CODE OF CONDUCT | 8 |
| 2.5 | LEGITIMACY THEORY | 9 |
| 2.6 | THEORY OF PROFESSION | 10 |
| 2.6.1 | <i>Type of Specialization: Mental discretionary.....</i> | <i>11</i> |
| 2.6.2 | <i>Concept of control</i> | <i>12</i> |
| 3 | RESEARCH DESIGN | 14 |
| 3.1 | RESEARCH METHOD | 14 |
| 3.2 | RESEARCH STRATEGY | 16 |
| 3.3 | SELECTION OF INTERVIEWEES..... | 17 |
| 3.4 | RESEARCH GENERALIZATION, VALIDITY AND QUALITY | 19 |
| 3.5 | LIMITATIONS..... | 20 |
| 3.6 | THE PROCEDURE OF ANALYZING | 21 |
| 4 | EMPIRICAL FINDINGS AND ANALYSES..... | 25 |
| 4.1 | STAKEHOLDERS ROLE AND THEIR PERSEPTIONS ABOUT TAXES..... | 25 |
| 4.2 | DEFINITIONS OF TAX AVOIDANCE AND TAX EVASION | 26 |
| 4.3 | AUDITOR’S ROLE IN TAX AVOIDANCE AND TAX EVASION | 28 |
| 4.4 | POTENTIAL SOLUTIONS | 30 |
| 5 | CONCLUSION..... | 33 |
| 5.1 | THE VIEW ON AUDITORS | 33 |
| 5.2 | CONTRIBUTION | 35 |
| 5.3 | FUTURE RESEARCH..... | 36 |
| 6 | REFERENCES..... | 37 |

| | |
|---------------------------------------|----|
| Appendix 1: Interview schedule | 39 |
|---------------------------------------|----|

List of figures

| | |
|--------------------------------|----|
| Figure 1. Audit team structure | 12 |
|--------------------------------|----|

| | |
|-----------------------------------|----|
| Figure 2. From empirics to themes | 22 |
|-----------------------------------|----|

List of tables

| | |
|---------------------------------|----|
| Table 1: Type of specialization | 12 |
|---------------------------------|----|

| | |
|---------------------------|----|
| Table 2: Basis of control | 13 |
|---------------------------|----|

| | |
|-------------------------------------|----|
| Table 3: Willingness to participate | 18 |
|-------------------------------------|----|

| | |
|---------------------------------------------|----|
| Table 4: Information about the stakeholders | 24 |
|---------------------------------------------|----|

1 Introduction

This chapter presents the background for this bachelor thesis. Topics presented here are: A historical review of the evolution of auditing industry, from the early days of accounting leading to the modern versatile industry that is auditing; Issues that have arisen along the evolution of auditing; The aim of the auditing profession; The gap between auditing profession and the auditing industry. Furthermore, the introduction will be followed by a description of the problematization, research question and the purpose of the thesis.

1.1 Background

In a historical perspective, the existence of the auditing profession cannot be detached from any other organization whose aim is to define and occupy a particular jurisdiction (Johnson, 2016), except for the auditing industry's ability to extend its business jurisdiction and its unique establishment of protection by both corporations and the state (Sikka, 1995).

Early accountants, who were broadly sought to be of inferior profession, operated in a business model which was to establish relationships with financiers who brought clientele, support and protection to the accountants in the form of exclusive rights (Johnson, 2016). This business model changed considerably in the western part of the world by late 1800's as governments started to select and engage elite handpicked groups of accountants in overseeing the winding up of insolvent companies. This distinction made the new group of accountants an official government liquidator but also offered a more respectable reputation which differentiated the elite accountants from regular accountants who continued engaging in then conventional accounting trades (Sikka & Willmott, 1995). Thereby, the early stages of modern auditors who had an interest of protecting an emerging reputation was starting to mold. Nonetheless, in Europe, it was not this state-secured business niche of overseeing insolvency business nor a newly formation of a professional body that formed modern auditing (Freidson, 2001) instead it was the state enforced demand of audit services that came to form modern auditor profession (Sikka & Willmott, 1995).

Until the 1960's the core business of auditing firms mainly consisted of auditing and accounting services (Sikka & Willmott, 1995), but in an effort to adapt and compete in growing economies auditing firms once again reinvented themselves in order to better realize their

accounting expertise into fees (Daly & Schuler, 1998). According to Sikka and Hampton (2005) the modern auditing firm created an ever-growing market for activities beyond the core of their profession, that is beyond accounting services. One of the new business activities that auditing firms had introduced was tax avoidance arrangements (Sikka & Hampton. P, 2005). Although, Sikka and Hampton (2005) criticize the notion of arrangements for avoiding taxes they do not take issue with the auditing industries willingness to become more commercialized as growth can be achieved without any harm done to others. Instead the authors question if the actions of the auditor industry are in line with moral and ethical aspects that serve as foundation of the auditing industry.

Auditing firms managed to increase sales by consciously shaping clientele corporate cultures in order to create a demand among clients which they in extension followed up by their ability to package their newly formed products and services and thus meet the emerging demands from clients (Larsson, 2005; Macdonald, 1995). This development has led to an increase in profits for both shareholders and partners in the world's leading auditing firms (Burrows & Black, 1998). However, this same development has also led to corporate cultures within the auditing industry where individual accountant's responsibility is to bring in new business and profitability to the agency, thus according to Hanlon (1994) the priority of the modern auditor is primarily to bring in fees to the business and the best way to do so is by obeying the will of clients (Hanlon, 1994). Nonetheless, these changes in auditing firms service supply have not gone unnoticed and have raised criticism among experts. According to Freidson (2001) the auditor profession is as any other profession only optimal when it is not focusing on individual clients but working for a greater good, thus defining the meaning of optimal accounting. Therefore, profits and the will to increase revenues must not be the primary reason for auditors' existence (Freidson, 2001).

As a result of growing criticism upon how taxable profit is strategically relocated in order to reduce company tax burden, national and international regulations have been established. On that note, in addition to acting in accordance with the European Merger Directive¹, Swedish government has implemented additional regulation² that further restricts possibilities of illegal tax evasion. Nonetheless, despite regulation for the purpose of stopping illegal tax evasion the

¹ A system of taxation applicable to cross-border reorganizations.
Regulation of how cross-border companies are to pay taxes (Commission, n.d.)

² Lag (1995:575) mot skatteflykt
Inkomstskattelag (1999:1229)

leak known as The Panama Papers proves that current regulation has unresolved issues as it is not able to effectively prevent illegal tax evasion schemes. Although winnings derived of tax evasion serve investors, these benefits come at a great socioeconomic cost (Sikka & Hampton, P, 2005). Furthermore, as revenues from taxation form the backbone of any modern state, loss of tax revenues results in governments not being able to perform administrative or redistributive duties (Sikka, 2017).

Historically, this tension between the taxpayer's willingness to pay taxes and the government's ability to collect taxes has led to tax evasion schemes and at times resulted in revolutions (Daunton, 2001). However, since revenues obtained from taxation are crucial for governments to function properly the tension between government and taxpayer are resolved through national regulations and policy adjustments (Sikka, 2017). Furthermore, in numerus attempts has the European Union (EU) tried and failed to achieve a tax policy harmonization within the EU, so to reduce tax evasion due to companies relocating profits to countries with tax breaks such as Ireland (Bustos-Contell, Climent-Serrano, & Labatut-Serer, 2017).

Tax evasion is a concept that has been in the public's eye the last few years known from various documents and documentaries of leaks such as the Panama Papers (ARD, 2016) (Hanson, 2017). Broadly, the leaks show that there are ways to anonymously create shell companies offshore (ARD, 2016) and thus creating an opening for tax evasion. The concept of offshoring is explained as when an item (a company or account) is placed outside national boundaries usually to receive economic benefits from different legislation. Thus, the purpose of offshoring is purely to lower the taxation costs (Investopedia, 2018).

1.2 Problematization

Most governments try to collect revenues lost due to tax evasion and Swedish authorities are no exception as they also engage in ongoing work to expose companies that are active in tax evasion arrangements. Furthermore, Swedish government authorities continuously work on regulations to limit the ability for companies to escape taxation via offshore tax havens (Skatteverket, 2018). The success of the work done by Swedish authorities is often limited as some offshore companies do not disclose company ownership. If owners of those companies do not wish to report earnings from offshore companies, it becomes close to impossible for government authorities to find out if profits are merely transferred to other countries in order to avoid tax or if funds are transferred abroad as honest payments. As much as the above is a popular issue there is the ever more profound issue, concerning "who" is the cause of these

evasion arrangements, which needs to be addressed in order for governments to stand a chance of stopping tax evasion (Sikka, 2017).

Offshore tax evasion arrangements are complex due to different regulations in different countries, these arrangements are also complex in constellations in order to transfer funds untraceably. Therefore, making tax evasion arrangements is complex to the extent that a regular business owner normally cannot set up such arrangements solely. Business owners must receive advice with legal, accounting and taxation regulation. Sikka (2017) points to auditors as a player with enough insight and knowledge to be able to set up such tax evasion arrangements. However, there are other possible actors that have the knowhow and possibility to make such tax avoidance arrangements, such as tax lawyers. Nonetheless, Sikka points to the fact that regardless of who might do the actual arrangement auditors still audit the accounting records and thus hold a formidable responsibility for the existence of tax avoidance arrangements (Sikka, 2017). As auditors belong to a self-supervisory profession they also have the freedom and the opportunity to make such arrangements that would imply offering evasion advice (Freidson, 2001).

The Theory of profession states that members within the same profession have the know-how to control each other (Grey, 1998), implying that such self-regulation eliminates risks of crime, which is held to be true granted that auditors are true to their profession. Furthermore, self-regulation implies that accounting firms are allowed to set own quality policies, however this does not fully eliminate the risk of malpractice as actions of auditors are not under any direct surveillance (Kearney, 2010). There have been cases of auditors signing a clean audit report followed by the concerned company getting caught for tax evasion or end up bankrupt shortly thereafter (Sikka, 2008). Such actions do not align with neither norms nor ethics of the audit profession which is provided by FAR (IFAC, 2005).

This indicates that there might be a gap between how auditors should act in theory and how they act in practice. Additionally, Sikka (2017) argues that in order to address the issue of tax evasion there is an imminent demand for more research concerning auditors' role in tax evasion practices.

Most of the research within the topic of auditors' role in tax evasion is done in Great Britain followed by USA. Similar research seems to be non-existent in Sweden which raises two unresolved issues: do auditors have a role in tax evasion arrangements and if not then is the existent research reliable. Therefore, there is an urgent need to study competent stakeholders

view of auditor's role in development of tax evasion in Sweden in order to obtain a more nuanced view of the auditor involvement in tax evasion.

1.3 Research question

How do stakeholders perceive auditors' practices in relation to involvement in tax evasion arrangement and is there a gap between how auditors' actions are perceived and the norms and ethics dictated by FAR's code of conduct.

1.4 Research purpose

The aim of this study is to investigate how the Swedish tax agency, Swedish Economic Crime Authority, tax advisers, tax lawyers, and graduates of accounting and auditing view the auditor's role within their profession based on the theoretical definition of a profession.

2 Theoretical framework

In order to explore the gap between stakeholders opinions about the auditor's profession in practice and the profession in theory we customize a baseline with content from the Theory of Profession and FAR's code of ethics. Auditors as a profession is presented in different ways depending on how the author make use of professionalism. The role of auditors is also something that differs depending on the encounter, tree different views will be presented. Main concept will be explained such as tax avoidance, tax evasion and controlled foreign company.

2.1 Tax avoidance or tax evasion

In terms of definitions between tax avoidance and tax evasion it is somewhat clear tax avoidance is legal and tax evasion is illegal. Tax avoidance is when a company lowers its amount of taxes owed by maximizing tax deductions and tax credits (Investopedia, 2018), it is legal activity and a service that accounting firms provide through tax consultants (Sikka & Hampton. P, 2005). When it comes to tax evasion it is about intentionally avoiding to pay taxes owed, for example by not reporting all incomes which is an illegal action (Investopedia, 2018). When tax evasion is in question thoughts may be drawn to offshoring. The offshore companies in tax heavens have an organizational complex structure and with accounting techniques, provided by auditing firms, these offshore companies take care of the taxes shifted from the originally company with tax liabilities (Sikka, 2017). In terms of whether the auditing firms offer services of tax avoidance or tax evasion, one ends up with the same result, tax deductions harm the welfare (Sikka & Hampton. P, 2005) (Sikka, 2017). Therefore, considering that tax arrangements in both tax avoidance and tax evasion can be complex and difficult to understand it is hard to draw a clear line between the two concepts of tax avoidance and tax evasion. We will explain throughout this study how the concepts are being used and, in the empirics, will be a greater explanation of each stakeholder's definition of both tax avoidance and tax evasion.

2.2 Controlled Foreign Company

All countries have tax laws more or less strict about how companies and citizens should pay their taxes and how they are meant to practice tax avoidance and some countries complement their legislation with controlled foreign company (CFC) rules to further restrict tax evasion (Egger & Wamser, 2015). The CFC rules are meant to prevent companies to use tax havens,

companies that are controlled from their home country but are located in a low taxation country with the only reason to avoid taxes (Sikka, 2013) (Egger & Wamser, 2015). Double tax agreements exist in order to facilitate for the two countries concerned and to avoid being charged for paying taxes twice but also to prevent tax evasion. One example of a double tax agreement is the one between Sweden and Portugal³ where basically Sweden is charging Portuguese's living in Sweden and Portugal is charging Swede's living in Portugal. The double tax agreements can sometimes be abused in order to find loopholes with arrangements or actions that the legislation did not intend for and in cases like these it can be hard to judge whether it is tax evasion or not. When you find a loophole the action itself is legal, but it is not according to the intention of the legislation. It is also the aspect of moral when discussing loopholes, often times the person that comes up with it is well aware of the fact that it is not within the intention of the law and therefore probably have a lower moral when it comes to paying taxes correctly.

2.3 Theory of audit

There are different theories about auditing and here are three theories presented that state the auditor different roles in relation to managers, shareholders and stakeholders. These theories are *Audit as assurance*, *Audit as improvement* and *Audit as insurance* as explained below. The theory of *Audit as assurance* is concerned with the role of auditors to prove the managers innocence. When the owner no longer is in a position to directly control the manager and how the company is run it evokes thoughts that the manager is acting in self-interest. For the manager to prove its own innocence an auditor acts as a third party assuring the owner that the managers accounting is correct (Carrington, 2016). The theory of *Audit as improvement* explains that auditors who perform the audit are able to improve the information in the financial rapports which goes out to the free market but also to both shareholders and potential investors as well as to the board of directors. Therefore, the audit is considered as a public good that facilitates the process of making good investments and keeps the capital market effective (Carrington, 2016). When auditor's role is portrayed as an insurance for the users of financial reports it is explained with the theory, *Audit as insurance*. The auditor needs to assure that everything is correct so that the auditor is cleared from possible lawsuits (Carrington, 2016). However, Sikka (2013) adds another dimension to the aspect of Audit as insurance when saying

³Lag (2004:758) om skatteavtal mellan Sverige och Portugal

that auditors are seldom brought to justice for lawsuits involving tax evasion. We bring up these theories with the intention of showing that auditors can be seen in so many different ways and it all depends on the angle you choose. The stakeholders we chose that provide our empirics will most likely have different views depending on their point of view and how much encounter they have had with auditors.

2.4 FARs code of conduct

FAR is a Swedish organization working for its members within the accountancy profession and for a membership the worker needs to be authorized and approved. The organization develops standards for the audit profession (Henriksson, 2018) and with these fundamental principles found in IESBAs code of ethics published by International Federation of Accountants (IFAC) we can use key indicators to compare whether auditors are acting in alignment with ethics of their profession. The first sentence in IESBAs code of conduct (2016, 100.1) states:

A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. Therefore, a professional accountant's responsibility is not exclusively to satisfy the needs of an individual client or employer. In acting in the public interest a professional accountant should observe and comply with the ethical requirements of this code.

This quote specifically highlights our research problematization of the auditors' purpose to act in interest of the public but is also contradicted by the view of Sikka (2017) who in his research presents arguments of auditing firms simultaneously offer services of potential tax evasion arrangements which would go against the view of IESBA code of conduct.

Furthermore, the five fundamental principles in the code of ethics are defines as:

- **Integrity:** Concerning business the professional accountants are obliged to be straightforward and honest and they should not be associated with rappers that are misleading, reckless or withholding.
- **Objectivity:** Meaning that the professional accountant should not be involved in business whereas bias, conflict of interest or an undue influence is present.
- **Professional competence and Due Care:** Is about attainment and maintenance of competence and acting with due care according to the standards for the sake that clients get competent service.
- **Confidentiality:** The professional accountants should not disclosure confidential information outside of the firm, even after the end of the service.
- **Professional Behavior:** In order to keep the high standard and not discredit the accountants profession they are obliged to avoid such actions and to comply with laws and regulations. They are not allowed to market and promote themselves in a way that disrepute the profession.

Stakeholders expectations on auditors will be either in line with these fundamental principles, the code of ethics, which are a part of this study's theoretical view of auditors' behavior. If not,

they will have another opinion on either their expectations on how the auditor should act or simply another opinion on how they feel like they are acting. Further, the stakeholders might have the same expectations towards how auditors should behave, according to the code, but they may have other thoughts and feelings on how auditors in fact are behaving.

2.5 Legitimacy theory

Legitimacy theory emphasizes that organizations continually strive to be considered legitimate by respective societies in which they operate in, that is, organizations strive to be considered as operating within society norms and values. It is therefore important to acknowledge that society's norms and values are not static but ever evolving and therefore organizations must also continuously question if their own values are in line with those of society (Deegan & Unerman, 2008).

In a dynamic society, neither the sources of institutional power nor the needs for its services are permanent. Therefore, an Institution must constantly meet the twin tests of legitimacy and relevance by demonstrating that society requires its services and that the groups benefiting from its rewards have society's approval (Shocker & Sethi, 1973).

Legitimacy theory is based on a social contract between organizations and society. This social contract concerns social responsibility and consists of implicit and explicit public expectations on the organization which more often than not are difficult to define. Nonetheless, the concept of social contract is used to represent the multitude of expectations that lie on organizations. Traditionally, the level of profit maximization has been used to measure corporate performance, thus if an organization performed well negative effects on society were overlooked, in the spirit of ends justifying the means (Ramanathan, 1976). However, in recent decades society expectations have undergone a change and organizations are now measured not only by monetary performance but also by social responsibility (Heard & Bolce, 1981). Failure to comply with society expectations can have terminal effects as a breach of the social contract may lead to sanctions being imposed upon the organizations in the form of organized consumer boycott, increased difficulties to find quality labor or even legal restrictions as no organization is immune or protected by the above (Deegan & Unerman, 2008), not even the auditing profession.

As society expectations change, organizations must show that their actions reflect the society changes or provide valid explanations as to why it is not changing. If organizations fail to do so a Legitimacy Gap between the society's expectations and the company's actions arises. This makes legitimacy dynamic in the sense of relevant public continuously evaluating

organizations methods and compare to present expectations. This implies that the legitimacy gap continually fluctuates without any changes from the organizations and in order to narrow the gap, organizations must embrace and adapt to changes otherwise the effect will be a growing gap leading to increased levels of conflict between organization and society (Deegan & Unerman, 2008).

Therefore, considering the above, there are two major sources to a Legitimacy Gap. First, social expectations might change which creates a Legitimacy gap without any changes to organizations activities. During the 1950's there might not have been a negative view on tax evasion as Ramanathan (1976) implies simply because the society did not know, or understand, the effects of tax evasion. Furthermore, even if organizations meet social acceptancy changes a gap might occur upon failing to disclose information about doing so. Second, known as an organization shadow, previously unknown information about unacceptable actions might arise and create a gap between organization and society. This is a particular difficult issue to handle as even if the organization has managed the initial issue, merely by not disclosing information about the existence of the issue might create a gap that is particularly difficult to address. The view that organizations will be penalized if their actions are not in line with the demands and expectations that are upon them is broadly excepted by both organizations and society in European and other countries (Deegan & Unerman, 2008).

2.6 Theory of Profession

The theory of professions is a theory presented and used by several authors as Grey (1998) and Öhman et al. (2006) where Grey (1998) defines being a professional as “being embedded in a series of issues such as fairness, appearance, gender, sexuality and hierarchy.” (p.570). A professional is about more than being competent and to possess the so called right and specialized knowledge, it is also about a specific behavior that is appropriated for the profession in question. Auditors in Grey's (1998) study where measured on following items: technical ability; client service; quality of work product; job administration and time management; professional and personal attributes; managerial skills (Grey, 1998).

Öhman et al. (2006) raises the question of how valid the auditor's self-regulation is in the light of recent scandals, explaining that there is a gap between the public thoughts about what auditors should be doing and what they actually do. Auditors have a responsibility towards investors and stakeholders, however when services beyond auditing are offered, especially concerning tax advice, bias among auditors when auditing the company's taxes can emerge.

Auditors are within a “strongly regulated social sphere” with specific frameworks in their way of acting and thinking (Öhman, Häckner, Anna-Maria, & Finn, 2006).

We will provide information stating that auditors are included in a profession by comparing the auditors work with the Theory of Profession mostly using Freidson’s (2001) work. The Theory of profession along with principles derived from FAR, that are to be presented below, provide a baseline that will be of use in both interviews and in the analysis on how auditors should behave and act within their profession. Thus, as this baseline forms the concept of auditing profession in theory, our research question explores stakeholders’ perceptions of the auditor’s profession in practice. It is the comparison of the expectations upon the auditor and auditors’ actions that will provide answers of if there is a gap between auditing profession norms and ethics and how stakeholders expect auditors to act.

2.6.1 Type of Specialization: Mental discretionary

One of the main standpoints in the Theory of professions is that their work difference from others in such a degree that the members are the only one who can control themselves and within this differentiated work there are two types of specialization: discretionary and mechanical. Discretionary specialization is when the members of the profession must use discretion and their judgment in order to perform their tasks whereas mechanical consists of repetitive and simple tasks (Freidson, 2001). Within discretionary specialization there are two branches, mental and manual. Mental discretionary is when the profession has a high degree of formal knowledge meaning that the organization is put together with abstract concepts (Freidson, 2001), such as the auditors diffused guidelines that is in need of interpretations. Mental discretionary is therefore low on everyday knowledge and with a high degree of formal knowledge. Manual discretionary is the contrary with a focus on what you do with your hands and have a high dose of everyday knowledge (Freidson, 2001). The focus of this study is on the mental discretionary specialization as auditors’ work is defined as a profession that should respect confidentiality, act with professional or business judgment and needs to have formal knowledge to interpret frameworks (IFAC, 2005). Hence, auditors prove that their profession consist of work that is differential to a degree that it cannot be controlled by others thus auditors control each other. When it comes to controlling each other one can see where it might go wrong concerning the study’s focus of auditors’ involvement in tax evasion. During this study we will get answers to whether the stakeholders are in line with the theoretical angle of the audit profession that they are in their right to control themselves or if they have another picture that contradict the Theory of professions view.

TABLE 1: TYPE OF SPECIALIZATION

| Type of specialization | Everyday knowledge | Practical knowledge | Formal knowledge | Tacit knowledge |
|------------------------|--------------------|---------------------|------------------|-----------------|
| Mechanical | High | Low | Low | Moderate |
| Manual discretionary | Moderate | High | Moderate | High |
| Mental discretionary | Low | Moderate | High | Low |

Note. Retrieved from Freidson (2001).

2.6.2 Concept of control

Freidson (2001) highlights three different divisions of labor which explains the basis of control within the specialization of an occupation. There is division of labor based on free competition, the bureaucratic and the occupational. The audit profession has a hierarchy structure with clear lines of responsibilities connected to each position and its duties which for once resembles the preferences in bureaucratic division of labor but as Freidson (2001) also explains, there can be a hierarchy even if the occupation is controlled by those performing the work. Indications are also strong about the audit profession being occupational since it matches how auditors' organization is structured, with for example self-regulation. In the audit team starting from the top and going down there is the Engagement leader whose responsibility is signing the audit report and controlling the Team leader whom is in charge of a few Team members. Above the audit team as a whole, at least in an accounting firm is the bureau's partners as the highest authority.

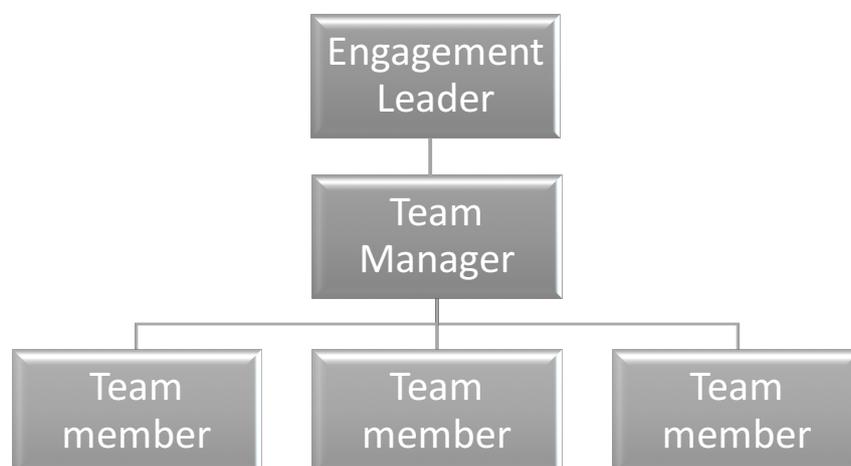


Figure 1. Audit team structure. Retrieved from Broberg, P. (2013). *The Auditor at Work – A study of auditor practice in Big 4 audit firms*

The audit profession is linked with the bureaucracy but it does correspond better with the views in occupationally controlled division of labor since auditors are known as being an occupation controlling themselves, hence they are controlled collectively (Freidson, 2001). Another point that links the auditing profession to occupationally controlled segment is that in order to become a member of the occupation one must have the right qualifications and to control this there is a license procedure (Freidson, 2001). In the profession of audit there are demands of education and authorization of auditors and only when these certain demands are fulfilled can the auditor work within the profession. The fact that auditors are in the occupationally controlled division correspond with their discretionary work that have a high differentiation from other occupations and also a low proportion of different occupations. Leading up to the same conclusion as earlier that auditors are in a self-controlled environment because it is hard to control the work if one is not fully engaged in it hence working with it themselves.

TABLE 2: BASIS OF CONTROL

| <i>Bases of control</i> | <i>Proportion of different occupations</i> | <i>Permanence of occupations</i> | <i>Degree of differentiation</i> | <i>Predominant type of specialization</i> |
|-------------------------|--------------------------------------------|----------------------------------|----------------------------------|-------------------------------------------|
| <i>Free market</i> | High | Low | Low | Everyday |
| <i>Bureaucracy</i> | Medium | Medium | High | Mechanical |
| <i>Occupational</i> | Low | High | Medium | Discretionary |

Note. Retrieved from Freidson (2001).

3 Research design

To guarantee a certain quality of this study the decisions of applied research methods and strategies have been made with great care as these decisions constrain the process of our research. Therefore, in order to ensure transparency, we present our research design below starting with a description of our chosen research philosophy followed by our choice of research approach and research strategy.

3.1 Research method

The essence of good research, regardless of which method is implied, does not aim to acquire a better understanding of surroundings for own benefit but instead aims to create a better understanding of our reality (Power & Gendron, 2015). No eminent path on how good research is conducted exists, instead good research is achieved once appropriate methods are implemented to the phenomena at study as well as to the research purpose (Holme & Solvang, 1997). As far as research methods go, a distinction can be made between quantitative objective methodologies which are better suited for researching observable phenomena and qualitative subjective methodologies which are better suited for research of deeper subjective meanings (Saunders, Lewis, & Thronhill, 2009).

Because the aim of this thesis is to explore how stakeholders perceive auditors' involvement in tax evasion arrangements, thus explores the subjective view of auditor's stakeholders, a qualitative methodological approach becomes appropriate as it enables a and more in-depth research and therefore richer findings. Furthermore, as we have failed to find previous research within auditors' role in tax evasion that is conducted in Sweden, the qualitative methodology becomes ever more appropriate as it does not fall into the pit of solely testing or building on previous theories but seeks to explore a social phenomenon (Saunders, Lewis, & Thronhill, 2009). In addition, Power & Gendron (2015) argue that qualitative research is particularly suitable for researching the auditing profession due to the complex structures and relations of auditors to their clients. Therefore, because the aim of this study is not to build on previous theories, particularly considering that such theories concerning the purpose of this study seem not to have been created, yet, applying a qualitative methodology falls as an obvious choice in order to fulfill the research purpose of generating understanding of the auditor's role in tax evasion from the stakeholders' perspective.

To simply say that this study is conducted in Sweden due to convenience reasons and without discussing the benefits of the decision to conduct the study in Sweden would be an oversimplification and would undermine the purpose of this study. Since our search of previous research shows that there seems to be a narrow, if so elite, range of researchers who claim that a link between tax evasion and auditor practice exists and given that most of previous research seems to have been conducted in UK and USA, we aim to explore if same findings can be concluded in Sweden as well. Upon conducting this study, our findings can be compared to previous findings in order to see if there exists a relationship, or if our findings contradict previous research. Furthermore, given that Sweden is ranked as a country with relative low corruption ahead of both UK and USA (Transparency International, 2018), one can with a certain confidence say that findings derived from studies in Sweden can be considered as reliable, following that logic findings in this particular study have a high degree of validity as well.

Since the purpose of this study is to create better understanding of auditors' role in context of tax evasion by in a detailed manner study stakeholder's subjective perception of auditors' involvement in such tax arrangements, this study follows an interpretivist paradigm (Saunders, Lewis, & Thronhill, 2009). Contrary to positivistic notion of only that which is observable can be considered as acceptable knowledge, the interpretivist paradigm looks beyond the obvious phenomenon and seeks to explore deeper levels of a social construction. This is particularly true for this study as we aim not only to look at the obvious phenomenon of "is the auditor involved in tax evasion" but we look to explore further by looking at different stakeholders perceptive of auditors' role in tax evasion. However, not all is for the better with choosing to follow the interpretivist paradigm as this research philosophy is criticized due to its selective ontology and the risk of findings be affected by the research process (Colis & Hussey, 2014) thus compromising the study's reliability and validity (Saunders, Lewis, & Thronhill, 2009). In order to reduce the risk of effecting our findings the interviews have been held in close sessions separate for the surroundings, the interviewees have been informed that they can be anonymous and that we have no predefined sentences or expectations of outcome as to what the correct answers are. Interviewees where informed that the sole purpose of this study is to explore and see what the findings will be.

The data we have collected by our interviews will be analyzed in two steps. First, by applying the Theory of Profession along with Theory of Audit and FAR's code of conduct we aim to establish a foundation of what the profession of the auditor implies along with that of what is

expected by the auditor from its stakeholders and in extension by the society in general. Therefore, by applying these theories we aim to form a baseline from which we can analyze several aspects of the role of auditor in theory. Second, by using the framework of Legitimacy theory we will analyze and conclude if our findings show a gap between how stakeholders perceive the auditor's practices in the aspect of role in tax evasion arrangements and if this perception differs from auditors' profession in theory.

Furthermore, certain premises have contributed to restrains upon constructing our research as the phenomenon of proofed existence of tax evasion was known prior to our survey and our aim is to find out what the perception of the auditor's role in these arrangements is, the known premises have resulted in constrains of our approach to the research at hand. Alvesson and Sköldbberg (2017) mention induction as a research approach that does not consider former theories, instead theory is generated and grounded on the collected data (Alvesson & Sköldbberg, 2017). Opposite inductive is the deductive approach which is anchored on generalized theory and aims to strengthen or reject the theory (Saunders, Lewis, & Thronhill, 2009). The nature of this study does not coincide with either of the approaches above, instead we applied an abductive approach. As the purpose of the study is to explore perceptions upon the auditor's role the abductive approach is particularly suitable due to the ability to facilitate the shift between theory and data thus facilitate for the possibility to better explore and explain the researched phenomena of stakeholders' view of auditors' role in tax evasion (Saunders, Lewis, & Thronhill, 2009).

3.2 Research Strategy

The fairly limited time at our disposal for conducting this study along with the vastly limited amount of previous data available dictates a cross-sectional time horizon (Saunders, Lewis, & Thronhill, 2009). In alignment with the purpose of this study interviews are chosen as the data collection method as it will enable us to study the interviewees perceptions of auditors' role in tax evasion. The qualitative interviews also allow to obtain rich and in-depth answers as the purpose of the interview is to get responses that can be coded and processed (Bryman & Bell, 2017). Throughout the planning of interviews there has been discussion surrounding the interviews design, namely if it would be structured or semi structured interviews. As structured interviews would facilitate our control of the interviews the control would come with the risk of missing valuable information in the process. Therefore, semi structured interviews were chosen as the data collection method (Bryman & Bell, 2017; Saunders, Lewis, & Thronhill, 2009).

3.3 Selection of interviewees

The ambition for the number of interviews was a minimum of 12 interviews while the aim was 14-16 interviews. We also had two requirements that had to be fulfilled in order to be considered as a candidate for an interview. First, only those who in their current or future profession are in some way considered as stakeholders to auditors where considered as candidates for an interview. Second, only stakeholders that are presumed or expected to have a level of knowhow in the daily operations of auditors, which is expected to be higher than that of an average person, where contacted for an interview. Final decision on interview participants included: Swedish Tax agency coworkers as their daily operations includes handling taxation and to certain extent even tax issues; strategic auditor at Swedish Economic Crime Authority (SECA) for their specific knowledge and insight in economic crime; tax lawyers for insight in Swedish tax laws but also for the knowledge of how companies go about upon planning their taxation; tax adviser for the specific expertise in tax planning and tax evasion and graduate students of auditor profession for their accumulated knowledge and perception upon entering the auditor profession.

The process of obtaining interviews started with an intensive week of identifying candidates through internet or from previous contacts and then contacting the candidates primarily by phone. E-mail was used when we could not reach a certain person. Initially, our aspirations seemed low as by the second day we had secured 2 interviews and by the end of the week we had 4 secured interview appointments and several accepts pending for a date. Then we hit a major setback which has taken time and focus to the extent that is has become our study's main limitation. Upon sending an interview guide ([Appendix 1](#)) to the interviewees containing a more detailed explanation of the study we are conducting, one by one of our candidates canceled. All had different explanations for canceling, nonetheless the impression we got was that we had touched a sensitive topic that most did not want to address. Out of the in total 25 stakeholders we initially contacted we got a positive response from 19 persons of which 8 finally agreed to an interview and 1 agreed to answer our questions by mail. The remaining 10 who had accepted either canceled or stopped answering and did not get back to us when we tried to set a date for interview. Thereby, the final count of interviewees for this study consists of primary data from nine persons who either have an expertise in the subject of auditors or are stakeholder to auditors. Furthermore, interviews were not conducted in any particular order. Five of the interviews were conducted face-to-face of which all involved one participant per

interview. Of the remaining four interviews, three consisted of telephone interviews and one was done by email.

TABLE 3: WILLINGNESS TO PARTICIPATE

| Candidates contacted | Acceptances | Accept then decline | Decline |
|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 25 identified candidates where contacted for an interview during the course of two weeks | We got 19 acceptances with a set date for interview or the candidates where to get back to us with time for interview | 11 persons declined once we sent an interview guide. Most saying that they do not have time | 6 of the contacted declined immediately due to scarcity of time or because they felt as they could not contribute |

The first interview was conducted with a tax lawyer in order to get a knowledgeable third-party view on the role of the auditor. This was a face-to-face interview which lasted for 2 hours and formed the grounds for this study. Based on the first interview, similar interviews were conducted with two graduates of accounting and auditing education in order to get the view of those who yet have a more limited insight but who are to be future auditors. The students thereby have been in contact with the nature of auditing through both lectures and activities such as lunch meetings with audit firms, not a lot of practical encounter but enough to have an opinion and that is what we want to study. It is interesting to see how they as a stakeholder perceive auditors involvement in tax evasion as they are our future auditors, to study how high their knowledge is about tax evasion and their thoughts about auditors' role in it. The c a tax adviser.

The length of the interviews varied between 40 minutes to 2 hours with the first interviews being longest and the more knowledge we accumulated the more profound questions we could ask, the shorter interviews needed to be. Upon valuating our empirical data, we have come to the conclusion that the interviews are of a profound nature due to the interview length and the quality of the discussions. Our ambition was to perform more interviews as our goal was a minimum of 12 interviews. Nonetheless, the timing and most important the nature of our study led to auditors and other interview candidates declined our inquiry for an interview. As our time at disposure for this research is limited we had no possibility of securing further interviews in time. Simultaneously, we could see clear patterns of similar answers from the interviews and therefore could conclude that the chance of obtaining new information from additional interviews was fairly low. The sample of interview participants consisted of different level of

knowledgeable persons and is a mixed selection of people whom we at some point have met in audit related matters and also of those who engage in professional contact with auditors.

Before conducting the interviews, we sent an e-mail ([appendix 1](#)) with information regarding our topic in general and our aim with the interview. Included in the e-mail were a set of questions with the intent to steer thoughts of the interviewee in a direction that matches the purpose of this study but also to set the frame of what information we wished to gain from the interview. Some of the questions are broad as “How can tax avoidance and tax evasion be created and in what situations?”, here the respondents are able to both give standards of how the situation usually looks like but also more profound example with their own stories behind it. Other questions are more straight on like “How would you define tax avoidance and tax evasion” yet they are designed as open questions as all our questions are in order to avoid the simple way of answering yes or no. When possible, we wanted the respondent to speak freely about the broad subject of tax evasion but used the questions as a backup when necessary.

It was made clear that the interviews are voluntary and that they will be recorded, with their approval, to facilitate the transcription, but the full transcriptions will not be published only the relevant parts and the analysis of these. Throughout our contact with interviewees we focused on being transparent about us studying stakeholder’s selective experiences and opinions in order to explore how these stakeholders perceive auditors’ involvement in tax evasion and emphasized that we do not research whether or not the interviewee is involved in tax arrangements.

3.4 Research Generalization, Validity and Quality

By linking our research to similar research conducted in other countries and also by anchoring our findings to existing theories, such as Theory of Profession, we show that the applicability of this study is not constrained by national or professional borders but has a broader significance in terms of being applicable to a variety of fields (Bryman, 1995). Nonetheless, findings of this study are not general but are derived by the study of a specific field and thus constrained to the context of the researched field, namely the perception of auditors’ role in tax evasion. Therefore, this study is not aimed to be universally valid across time or fields, instead it offers a generalization and applicability in studies of taxation and tax evasion in a timely manner.

Ensuring validity and reliability to a study is a challenging but ever so important task for any research. In an attempt to ensure that our findings are interpreted and presented in a correct

matter so to further increase the trustworthiness and thereby the quality of this study the following measures have been taken. First, by maintaining a consistency throughout our research and also presenting our research with the highest transparency possible we believe to have reached a certain level of assurance of validity (Saunders, Lewis, & Thronhill, 2009). Second, both the purpose of this study and the participants of our interviews have been chosen with care. In both cases, the choice has been made through a process of identification and valuation of contribution to the study (Colis & Hussey, 2014). Third, prior to conducting interviews special consideration was put on participant bias. Upon securing interviews, we noticed a surprising high resistance for participation. Therefore, prior to the interviews, participants were reminded that they would be kept anonymous and also reminded of the purpose of the study (Saunders, Lewis, & Thronhill, 2009). The last measure is concerned with errors we as observers might cause upon receiving or interpreting our findings. Therefore, to limit the risks of these errors findings are presented in a profound matter and analyzed with no preconceptions or foregone conclusion. Finally, by merging our findings with citations derived from our conducted interviews and further by comparing these with previous research we aim to facilitate for the reader transition from data to findings and to our conclusions.

3.5 Limitations

There have been numerous limitations to this dissertation of which some have been treated throughout this chapter and here we merely aim to summarize the limitations we have faced throughout this study and highlight some of the most challenging. Naturally, time constraints have been a substantial limiting factor for the study inducing us to maintain a high tempo throughout each part of the dissertation while reducing our possibility to collect data and therefore reducing the size of collected data. Another source of limitation throughout this dissertation has been the ability to secure interviews. We knew that it could be difficult to secure interviews since tax evasion lies within the definition of a moral dirty job and working with or around a dirty job such as tax evasion is criticized for the concerning actions (Alvehus & Jensen, 2015). Surprisingly, we managed to collect respondents and the fact that it was a sensitive subject did not seem to matter until we started to share deeper information about the questions we wished to ask. In more than one occasion, the interviewees canceled interviews upon us informing them of what the interview was about. Explanations for canceling have been due to lack of time or them believing that they cannot contribute to our research and many other reasons, nonetheless the bottom line is that approximately half of our interviews who first agreed to an interview canceled, upon us informing the deeper meaning of the interview.

Utterly interesting is that we were not able to secure an interview with any auditor despite contacting most of auditing firms in Kristianstad and surrounding area. One of the main factors we believe has been the sensitive topic of the study, however, we were fooled by the respondents' quick agreements to the interview as this made us think that it was not as sensitive as we predicted. We shared information about the questions so that the respondents could be able to give us better informed answers, but we should not have been so generous about sharing this content in order to avoid the problem of respondents canceling. Another limitation is that the Swedish Inspectorate of Auditors which we had identified as an important candidate for our study said no to participate in an interview with reason that they do not possess the resources, which was highly unfortunate. Nonetheless, not all limitations were due to external factors as some of the decisions made in early stages of this study have later become quite a challenge. One of these decisions was to have an abductive approach. Although, this has been the best approach for our study the time we had at our disposal was not adequate to the amount of work needed to conduct the study by an abductive approach.

3.6 The procedure of analyzing

During the interviews we, with the respondents' approval, recorded them and after each interview we transcribed the recordings as soon as possible. Our aim was to transcribe all interviews the same day as they were conducted as the context of the respondent's answers were fresh in mind which facilitated the task, this was one goal that we achieved. An online service provided a good means for transcribing as we could manage the sound within the same window as the writing, speeded up the process. Best case scenario was to transcribe and have a discussion of the latest interview before carrying out the next scheduled, therefore there was at least a day in between interviews with one exception where we had to schedule two interviews on the same day. Tjora (2010) give the advice to only have one interview per day because it is a heavy task and demands a lot of the interviewer, which was noticeable after that second interview so from then on, we followed Tjora's (2010) advice. The interviews were conducted in Swedish as this was both ours and the respondents mother tongue and naturally the transcriptions were also in Swedish. The codes were mixed Swedish and English since some of the codes were extracts directly from the transcription in Swedish, but others were central concepts that from the start of this study were in English.

Codes consist of one word, a few words or an expression (Tjora, 2010). At an early stage of transcribing we got thoughts about which codes were appropriate and could be used so it was beneficial that the process of interviewing, transcribing and coding happened close to each

other. The first interview we transcribed was long and the interviewee spoke freely which generated a lot of codes that later were reused when coding the next interview's transcription. If interesting facts came up that were not in previous interviews, a new code was created until all interviews were coded, this a systematic way of working with codes (Tjora, 2010). A decision was made to work with codes that were closely linked to the empirics by using words that are mentioned by the interviewee since that displays what was actually said and will later on be of help in the analysis (Tjora, 2010). An example of an empirical connected code created from the first transcription and later used throughout many of the other transcriptions was "Transactions are legal but beyond the legislations meaning", this code is used to describe the respondent's definition of tax evasion. More generic codes such as "auditor's involvement" represent themes which we can sort the empirics in making it easier to locate the information about the specific theme in the transcriptions.

To reduce the empirics into manageable material for the analyze we merged together similar codes into themes. Codes as "Transactions are legal but beyond the legislations meaning", "Tax avoidance is legal" and "Not business-like" belong in the theme "Definition of tax avoidance and tax evasion". In figure 2: From empirics to themes, you can see how three different definitions are coded and then merged into one theme. The first quote is a definition of tax avoidance and the two following are definitions of tax evasion.

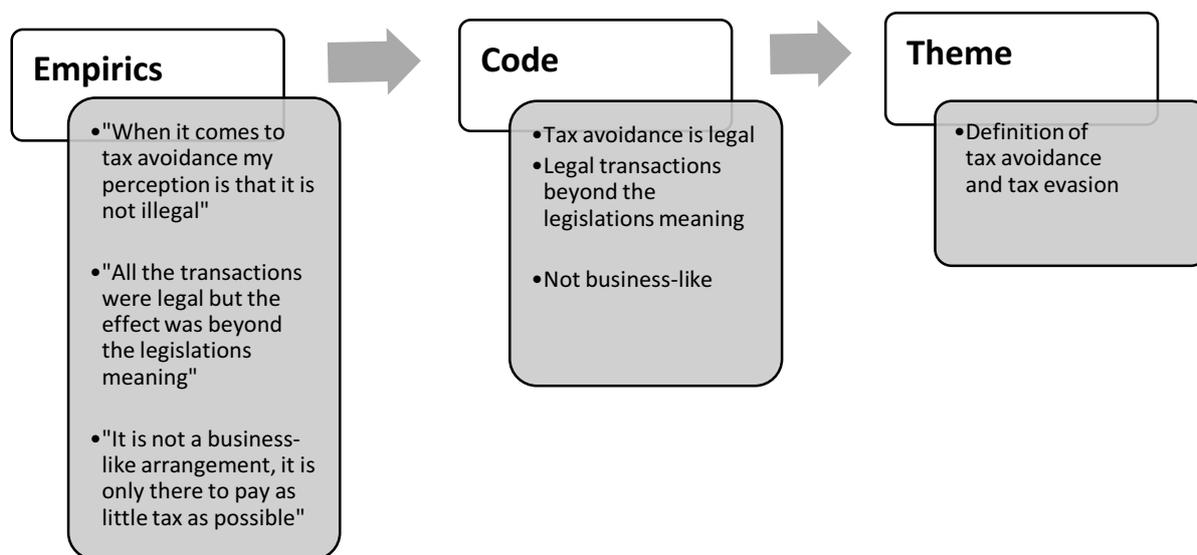


Figure 2. From empirics to themes

The themes will lay a basis upon analyzing and discussing the empirics (Tjora, 2010) and four main themes are selected: Stakeholders role and their perceptions about taxes; Definitions of

tax avoidance and tax evasion; The auditor's role in tax avoidance and tax evasion; Potential solutions. The themes are chosen based on what our study wish to contribute.

The theme Stakeholders role and their perception about taxes is chosen so the reader can get a sense on where different stakeholders stand in the topic of taxes and how knowledgeable they are about the subject. In this theme, there will also be an analyze about how the stakeholders feel about the sensitivity that the subject of taxes can bring. The theme Definitions of tax avoidance and tax evasion is also chosen to show the knowledge level different stakeholders possess and to widen the concepts that are presented in the theoretical framework. In the theme, Auditor's role in tax avoidance and tax evasion, we analyze how the stakeholders perceive auditors in general but also in the context of tax avoidance and tax evasion. We will also discuss what role the stakeholder has in relation to tax avoidance and tax evasion. Potential solutions, being the fourth and final theme, is a bit self-explained, we go in to discussing what the stakeholders' thoughts are concerning solutions to the problem of tax evasion and if they have considered that auditors could be of use regarding preventing tax evasion.

In the analysis we show the stakeholders view with quotes from the interviews, these quotes were with our best ability translated from Swedish to English and then sent to the respondents to get their approval before published in this thesis. In order to get the most out of the analyze, the four themes will be discussed from the different stakeholders' perspectives and how they view auditors' role in tax evasion. The stakeholders are defined as The Swedish Tax agency (Tax agency), SECA, tax adviser, tax lawyer and students.

TABLE 4: INFORMATION ABOUT THE STAKEHOLDERS

| <i>Stakeholder</i> | <i>Position/Occupation</i> | <i>Standpoint</i> |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| <i>Tax agency</i> <i>2 respondents</i> | A: Manager, responsible for tax avoidance and tax evasion. B: Coordinator, previously tax auditor. | Clear to point out that the answers are adapted to what the agency stands for. Not much room for personal opinions. |
| <i>SECA</i> <i>1 respondent</i> | Eco-auditor | Casually answering our questions about tax evasion. |
| <i>Tax adviser</i> <i>1 respondent</i> | Legal adviser implementing new regulation, previously worked in the Swedish tax agency as a tax professor. | Glad to speak with us and encourage discussions about the subject. |
| <i>Tax lawyer</i> <i>1 respondent</i> | Tax lawyer and lecturer in tax legislation | Spoke freely about the subject with extensive knowledge about different tax scenarios. |
| <i>Students</i> <i>4 respondents</i> | Studying Bachelor of Science in business administration focusing on accounting and auditing. | Knowledge level is mostly theoretical. In these interviews we see more to their personal opinions. |

To get a clearer picture of the different stakeholders we present table 4 where they briefly are presented with basic information about their work position and how they expressed their standpoint towards the subject of the interview and our study.

4 Empirical findings and analyses

Empirics presented below are divided into our four stakeholder categories concerning; the role stakeholders play in the context of auditors role in tax evasion; respondents own definitions of tax avoidance and tax evasion in order to facilitate the understading of the analysis; stakeholder's perception of auditors' role and how the respondent percieve the effects tax avoidance and tax evasions have on our society. The finding are concluded with possible solution to tax evasion presented by the respondants.

4.1 Stakeholders role and their perseptions about taxes

Between stakeholders it differs on how much information they consider that they can contribute with, due to on one hand limitations of the fact that they represent their profession and on the other hand due to lack of knowledge within some areas of the subject.

The representatives of Tax agency were keen to point out that their answers to our questions may be limited, "I should start by saying that I am a representative of the Swedish Tax agency and my answers will be adjusted thereafter" and "I have reached the conclusion that I cannot answer several of your questions". There were also times during interviews that we got limited answers connected to the discussion of auditors and auditing firms. For example, the Tax agency was both careful and frugal, "I do not wish to discuss what the audit firms need to work on, you will not get those answers from me as a representative of the Tax agency", however the will and interest in trying to help us by providing empirics was still there. Furthermore, tax agency representatives pointed that they are direct stakeholders to auditors' as they are dependent on the trust that the financial rapports that are approved by auditors are correct and can be trusted in order for the system to work properly.

The stakeholders SECA, tax lawyer and tax adviser spoke more freely about the subject and we got a sense that they were more comfortable in speaking about the topic of auditors' role in tax evasion. SECA mentioned that, "These are difficult questions about ethics and moral, especially when it comes to taxes and I can imagine people react differently, I however do not have a problem speaking about it". The subject of taxes is not sensitive for SECA, perhaps because there is a different culture around taxes compared to the Tax agency.

Students are more than willing to be interviewed, perhaps because they are not employed by any of the stakeholders to auditors nor by any auditor agency and therefore not, yet, direct stakeholders to auditors' students did not need to be as careful with choosing words, they also know the hardship of collecting empirical data as they too are working on their own thesis. Interviews showed that students are not as knowledgeable in this topic as the other stakeholders mentioned above and they let us know about their inexperience and in some cases, lack of interest in the subject of taxes, "I do not know how much I can contribute but surely I can try and answer the questions".

4.2 Definitions of tax avoidance and tax evasion

All of the stakeholders had the same definition of tax avoidance and tax evasion except for the students. The students were in line with the other stakeholders' perception of tax evasion, but they had problems with identifying tax avoidance as something positive, "Tax avoidance...I am not really sure what that is... well is it not something illegal, like when you are trying to embezzle money?". To be on the same page for the rest of the interviews with the students the outlines were defined: tax avoidance as legal and something that the companies are meant to do and tax evasion as transactions that often are legal but turn illegal when it is beyond the intention of the law.

All stakeholders, except for the students, agree that it is hard to pin point the definitions as a single answer to a question and that these are wide concepts involving different parts. However, tax avoidance is seen by all as normal activity companies should engage in since "Companies see tax as a cost and one always wants to reduce costs" (Tax adviser), it is about "paying the right amount of taxes" (The Tax agency). SECA explains tax avoidance as following "tax avoidance is completely legal, the company makes up a plan for taxes one year to another with the intent to level out the result". The definition of the tax lawyer clearly states: "Tax avoidance is about finding solutions to lower taxes depending on the clients need but still within the law". So, tax avoidance are different arrangements with the aim of limiting taxes within the framework of existing laws. Tax avoidance is a business-like action opposed to tax evasion where there is no business purpose except for minimizing the tax burden. On that note, it is tax arrangements that include actions outside of the intentions of the legislation that constitute the definition of tax evasion. The tax adviser mentions that legislation can be interpreted differently and highlights the important role of the Tax agency and the court by saying:

In tax evasion, you are no longer following the intentions of the legislation, but the law can be interpreted in different ways and that is why the Tax agency and the court play an immense role because they create praxis about what is right and what is not.

The Tax agency agrees: “We as an agency cannot say what to do but we can be there as a part of the dialog” and also amplifies the courts role when the legislation is difficult to interpret “Then you will have to take it to court to get praxis within that area of the law”.

Tax evasion is not one specific arrangement but includes an infinite variety of non-interconnected cases, one example of such case is transfer mispricing. When a company lends money to the company’s affiliate it is a legal action, however, recently it was discovered that companies used this type of moneylending in a way that was beyond the legislation's intention. SECA explains transfer mispricing:

Take Sweden for example which already has a high interest and rules making them deductible, so you lend money to your company in Sweden, often with a higher interest than the market rate, to be able to deduct the interest and lower your result, taking out the money in a low tax country with the only intent to lower the taxation.

Throughout history companies have always tried to find ways in which they can use loopholes to lower their taxes, a common way to find loopholes is to see if there is a double tax agreement and a national legislation which form a good arrangement for tax avoidance (this is to be considered as legal since the law is not adapted yet making it illegal). It is difficult to foresee how companies and citizens will abuse and bend the law and also impossible to foresee national laws that are about to change in the future. The tax lawyer gives a few examples of arrangements that abused the double tax agreements:

The arrangements concerning the Belgian real estate affairs in the 90’s and the few staff companies during the millennium were fine in the beginning but ended up with mass movement, everyone started to abuse the rules. Double tax agreements go on for ten, thirty or forty years and changing these are not done over a coffee break.

The tax lawyer continues by explaining that in both cases the double tax agreements were changed but unfortunately, most of the time the legislation is one step behind as the law is complete until it gets misused.

Thus, the general perception presented in the theoretical framework of there not being a clear line between the two concepts of tax avoidance and tax evasion are confirmed in our empirics. Furthermore, most interviewees define this difference between tax avoidance as legal activity and tax evasion as an illegal activity as presented in the theoretical framework. Students interviewed for this study further strengthened the general perception that these arrangements are complex and difficult to understand as they had difficulties defining tax avoidance despite

over three years of studies in business administration in one of Sweden's leading business universities.

4.3 Auditor's role in tax avoidance and tax evasion

Upon determining how stakeholders define the concepts of tax avoidance and tax evasion and that their definitions are in line with those general accepted and presented in the theoretical framework emphasis will be on answering the research question that is how do stakeholders perceive auditors' practices in relation to involvement in tax evasion arrangement and is there a gap between how auditors' actions are perceived and the norms and ethics dictated by FAR's code of conduct. The empirics show that the main perception of the four stakeholders is that auditors stay away from tax evasion and work according to their profession, but there are instances when stakeholders indicate that auditors could be more involved than they should be. Furthermore, all interviewed stakeholders share the perception that auditors work and act in line with the norms and ethics presented by the FAR's code of conduct, thus implying that the interviewed stakeholders perceive no gap between auditors' actions and FAR's code of conduct. "The auditor has a commission to audit the bookkeeping with integrity and objectivity, my opinion is that most auditors take their commission in a serious manner" (Tax adviser). FAR's code of ethics, stated in our theoretical framework, explains that auditors should act with integrity and objectivity to stay true to their profession. Students have the same opinion: "I am thinking that auditors are objective and do not care about it [making money], auditors still need to do the right thing". Auditors can be seen in different ways and have different functions, one way to see it is with the view of Audit as improvement which our four stakeholders do when implying that auditors are there to help and improve. Students talk about how auditors have a specific behavior in which the Tax agency agrees evolving the thought that auditors need to come to terms with how they wish to be perceived and then act accordingly, "Audit firms and tax advisers can show what they want and what picture to broadcast, treat it as a question of sustainability" (Tax agency). Grey (1998) defines a profession as something more than being competent and possessing the right knowledge, it is also about having a specific behavior that is accordingly to their profession.

SECA talks about auditors' involvement in tax avoidance with the perspective that audit firms have tax specialists in which the auditor turn to if questions concerning taxes get too complicated. Tax avoidance is something all auditors and audit firms do if it can lower the tax burden of the company, but not to the extent that they deliberately would commit crimes such as tax evasion, even if some tax avoidance arrangements get a bit too aggressive. "Concerning

auditor's role, you should not forget that it is not only auditors involved in tax avoidance, it is the audit firms tax departments making various arrangements, so the auditor might not always be a part of it" (SECA).

Auditors are not connected in a negative way to tax avoidance but what about tax evasion, do stakeholders think that the auditor can discover if a company were to set up arrangements for tax evasion? The tax adviser finds it hard to believe that an experienced auditor could be deceived or in other ways discover and misunderstand tax evasion and if the auditor does not possess the knowledge to understand a tax arrangement then a tax adviser is often consulted. Auditors are competent within their own area of expertise, auditing, but they often lack extensive knowledge about tax law as the tax adviser explains: "It is often complex structures and situations that even for us, working full time with tax advising, it is difficult to understand" and therefore it would be hard for the auditor to notice if the company has an arrangement for tax evasion. The tax lawyer talks about tax havens and is under the impression that if you are smart enough you can deceive the auditor and that auditors might not be involved, "I am not sure that auditors are involved in all arrangements, you find other paths to go as well". Students think that auditors should have the knowledge to discover arrangements of tax evasion during an audit with experience from other similar cases. Simultaneously expressing as auditors only looks at certain things like key performance indicators they might totally miss such arrangements. The view of the tax adviser agrees well with that of the students as the tax lawyer states: "Most companies in Sweden do not have these complex structures and situations and as an auditor you are not exposed to this, not trained and you will not learn from the situations".

The theoretical framework presents the definition of a profession as being competent and possessing adequate knowledge as defined by Grey (1998), along with requirements and expectations upon the auditor which are specified according to the FAR's code of conduct. Our empirical findings show that all interviewees for this study agree that auditors operate within the frame of their profession stating that auditors audit the bookkeeping with integrity and objectivity and that they take their commission in a serious manner. It is consistent with Friedson's (2011) assessment that auditors work within a profession that is specialized in a formal knowledge with mental discretionary, they need to have this type of knowledge to be able to do their work properly. Furthermore, the general perception among interviewees of this study is that upon auditing the bookkeeping auditors further improve financial reports with their experience and knowhow. These perceptions are in line with both the definition of profession and FAR's code of conduct. However, our empirics also show that the perceptions

of auditor stakeholders in Sweden contradicts findings made by Sikka (2017) who's studies indicate that auditors play a role in tax evasion.

4.4 Potential solutions

Auditors are seen as a positive figure by our four stakeholders, someone who works within limitations and rules that are dictated by their profession and who follows the framework of both the legislation and other frameworks such as FAR. However, tax evasion is still a problem and we want to find out more of the stakeholder's view about possible solutions, can auditors perhaps join in on the battle against tax evasion.

Moral aspects are a recurring characteristic that are brought up automatically throughout all interviews since the subject of taxes is related to moral for many. Nonetheless, it is of importance here to mention that the tax lawyer, tax advisor and the tax agency representatives all agreed that it is important to evaluate tax evasion within the regulations of the law and not confuse personal perception of moral in the subject of tax evasion, as the tax lawyer explains "I am scared to death of moral taxes, who is it that decides what is morally correct?". The statement is in relation to the Swede's living in Portugal and "getting away with not paying taxes there or here [in Sweden]". The society can have a hard time with incidents like the double tax agreement with Portugal where as it is legal to live there without paying taxes and might confuse this with tax evasion and thinking that said agreement is not morally right even though it is legal. "Questions regarding taxes and moral are important because the society needs to have a high tax moral in order for the average person to have the will to pay taxes owed and not try and get away from doing so" (tax advisor). The Tax agency agree:

Tax evasion affects and undermines the will to do right by the company and do right by the society in general. Legal tax avoidance is costly and not all have the opportunity to engage in legal tax avoidance which might lead to citizens and companies tending to go towards tax evasion instead. That is why a high personal tax moral is important.

Our society is built by taxes and everyone needs to contribute states a representative of the tax agency further adding that auditing firms should also contribute to the society's sustainability by protecting tax revenues and by working with companies around these questions. "Sustainability does not only concern the environment, but it should also be concerned with ensuring a sustainable social and economic welfare" (Tax agency). It can be important for different parties to take a stand in tax avoidance and tax evasion and auditing firms are no exception, "You can take a stand on this, take audit firms for example, how is the view of the auditor effected by tax arrangements and the negative mass media that comes from being

involved” (Tax agency). The tax advisor agrees, meaning that their supervisory authority have a responsibility to discover instances of tax evasion, while adding that most companies want to do right by them and pay the taxes owed in the same manner as they go about respecting environmental policies. Students point more towards the other way saying: “Companies see tax as a cost, consuming their capital, with this perspective I do not think that they think about contributing to the society. Only maximizing their profits”.

Naturally, tax evasion effects the tax base in a country but they have another effect as they can create a demand and competition between countries wanting to host multinational companies, luring the tax revenues to a low tax burden country. “This effect public tax moral since if the big companies can get away from taxes nobody else want to pay taxes” (SECA). The tax lawyer is of the same opinion: “There is an interest within EU to help each other with tax evasion and tax crimes which makes it harder for companies to get away with tax evasion arrangements. Nonetheless, there are also countries wanting to seduce big companies into placing their business there with special benefits, and therefore undermine the work of the EU”.

Concerning the question of potential solutions for the phenomenon of tax evasion the Tax agency suggests that the fundamental actions to prevent such arrangements in the first place need more work. To tackle tax evasion the interaction and exchange of information between agencies and actors within different branches of industries requires reinforcement, in order to build functioning international networks that can cope with this issue. The same goes for governments and legislation. This would increase the general moral for paying taxes and would also increase public trust in the Tax agency’s work which would lead to stronger actions against tax evasion. The tax adviser hopes that: “All the authorities will come together and help each other in a better way, than what we do today, globally”. Furthermore, the tax advisor suggests that one way of counteracting tax evasion would be by governments voluntarily sending economical information about foreign companies to other effected countries, “then it is up to them to do what they wish with the information” (tax advisor).

Some of the stakeholders where more into solutions concerning the law. Students propose that a stricter legislation can help to settle the problem of tax evasion, there is a line that can be crossed when it comes to tax avoidance, but it is hard to say when considering most legislations are free for interpretation. Tax evasion exist for a simple reason according to SECA: “Taxes are seen as costs and nothing else and to solve the problem of tax evasion one most constantly follow the legislation, make sure it is up to date and keep changing and adapting it”. If the countries were to even out the differences in the taxation it might lower the incentives to tax

Lundin & Uka

evasion. However, the Tax agency points out: “Countries have different expenses and sometimes you need to use more of the tax base to welfare, but in theory yes that would make it easier”.

5 Conclusion

The question regarding stakeholders view of auditors' involvement in tax avoidance and tax evasion have been clarified in the analysis and will here be concluded and tied together with the problematization concerning tax evasion. It will be done by showing the similarities and differences between former research and our four stakeholders' opinions.

5.1 The view on auditors

The aim of this study can be divided into providing answers to several interconnected questions. First, the study aims to answering the question of how the Swedish Tax agency, tax lawyers, tax advisers, SECA and graduates of accounting and auditing view the auditor's role within their profession based on theoretical definition of a profession. Connecting to the aim above, there seems to be a lot of resistance in talking about tax evasion in Sweden, specifically concerning the topic of auditor's involvement in tax evasion. All of the stakeholders had a fairly positive view of auditors when it comes to their involvement in tax evasion, adding that auditors normally stay away from grey areas of tax avoidance and are only involved in legal tax avoidance arrangements, further implying that clients are also keen to stay within the boundaries of rules and legislations.

Second, within this study we have worked with FAR's code of conduct and parts of the Theory of profession pointing to key indicators that the occupation auditors operate in is within the boundaries of their profession. The interviews further provided answers implying that auditors operate within their profession in regards to FAR's code of conduct. Upon analyzing the empirics in comparison to our theoretical framework results concluded in the assessment that the stakeholders feel that auditors operate according to their profession which indicate that there is no gap between stakeholders' perceptions about auditors' practices and theoretical aspects that constitute auditor profession, this is assessed in reference to auditors' involvement in tax evasion.

According to Prem Sikka (2017) auditors might not be as innocent as the stakeholders believe they are. Sikka (2008) portrays auditors as an actor involved in tax evasion, describing auditors as actors who sign clean audit reports weeks before the companies end up bankrupt.

However, the conclusions emerged from the results of our study conducted in Sweden offer an interesting and slightly different view. The interviewed stakeholders have a positive view on auditors' professional behavior evidently indicating that auditors act according to the basis of how auditors should behave. According to our empirics, auditors live up to their profession as professionals who respect frameworks such as the code of ethics by operating with integrity, objectivity, competence, confidentiality and maintaining professional behavior. The conclusions emerged from the results of our study conducted in Sweden cannot directly contradict earlier research, such as Sikka (2017) which indicates auditor's involvement in tax evasion, since we studied how others experience the behavior of auditors and not how auditors actually behave or act. This might be one of the reasons why our conclusions differ. Another explanation can be that our study is performed in Sweden whereas Sikka's (2017) study takes place in England.

Therefore, we can only conclude that we find evidence from interviews with stakeholders who are knowledgeable within everyday work of auditors that these stakeholders do not share the view that auditors are necessary involved in tax evasion schemes.

The stakeholders think that auditors are true to their profession but do not think that they are completely innocent as they agree that there are possibilities that auditors might be involved in companies' tax evasion, that experienced auditors might be well aware of what is going on if they came across it. Sikka (2008) seems to only point to auditors' role in tax evasion but the stakeholders think that there are other actors playing an equally big role in tax evasion such as tax advisers and the audit firm as a whole. So, there are some factors pointing toward a gap between auditors' profession in practice and in theory. These opinions, mostly of Sikka (2017) but also some of the stakeholders indicate that there is a legitimacy gap, that previously unknown and unacceptable information about tax evasion have arisen.

The stakeholders bring up problems concerning auditor's pressure to bring in new clients and profitability to the audit firm. Hanlon (1994) states that auditors need to bring in fees to the firm and the easiest way to do so is by obeying the will of the clients, which however can lead to auditors choosing the wrong path away from the basis of a profession. Auditors actions then deviate from being optimal that is when a profession is working for a greater good (Freidson, 2001). There are discussions about bribery among the stakeholders, but it is overshadowed by the opinion that auditors are secure in their role and consider their work as an important commission.

There is a united opinion both in former research such of Sikka and Hampton (2005) and in our empirics that tax evasion affects the society and the county's welfare in a negative way, it empties the tax base and the governments are not able to perform their duties. More so the fact that companies get away with tax evasion, regardless if it is with auditors help or not, is projecting the picture that you will do anything not to pay taxes. The stakeholders are worried that tax evasion is bringing down the tax moral both among companies and the public. Furthermore, there have been attempts in EU to achieve a tax policy harmonization in order to reduce tax evasion (Bustos-Contell, Climent-Serrano, & Labatut-Serer, 2017). Sikka (2017) is strictly pointing towards investigating auditors' role to reduce tax evasion but the stakeholders are agreeing with tax policy harmonization but also pointing out more options to reduce tax evasion. Solutions might be to have more collaborations both in between authorities nationally but also global with a common interest of sharing information, to increase companies will of having tax policies were auditors and audit firms can be involved setting a standard of what picture to show the world. It is a mutual opinion to work close to the legislation, to keep evolving praxis and get a clearer picture of how the law is to be interpreted and also to change the legislation for example to change the double tax agreements as other national matters changes in the concerned country.

We came to an understanding already in the beginning of this study that tax evasion was a sensitive subject but not that the moral aspect of both tax evasion but also tax avoidance would stand out so clearly when the analyze was complete. Derived from the analyze is the fact that the stakeholders feel like the tax moral needs to be restored. If tax payers moral are higher, then thoughts of creating shady arrangements would be reduced. Auditors can play an immense role here as they can set an example for the public by being true to their profession and not submit to the temptations and profits of tax evasion.

5.2 Contribution

This study has its starting point in (Sikka & Hampton. P, 2005) and (Sikka, 2017) framework of the auditing professions role in tax avoidance. Upon depicting current findings derived by studies in mainly Great Britain and USA our conclusion is that there is a fairly limited, but esteemed, company of scholars whom all, to a certain degree, hold the auditing profession as key contributor and facilitator of tax evasion arrangements. Our study contributes to this topic by conducting similar research in another country, Sweden, in order to explore if previous finding can be held as true and reliable across national borders. Our study looked at how auditor stakeholders perceive auditors' role in tax evasion and the results shows that no group of

auditor stakeholder that we have interviewed shared the view of previous research within this field. Regardless of stakeholder relation to auditor, knowledge of the industry or other factors all stakeholders agreed upon the perception that the auditor industry strives to do as is expected of them by their profession and as professionals. Thereby, the contribution of our research is that it contradicts previous findings of the auditors' role in tax evasion. Furthermore, although not the purpose of our research, interviews indicated that with the area of digitalization an auditor is not needed in the process of establishing tax evasion arrangements and that however difficult it might be common international legislation or cooperation needs to be put in place in order to stop tax evasions.

5.3 Future research

In direct link to this research we highlight the need of more similar research in order to build a sufficient database concerning the auditors' involvement in tax evasion arrangements in order to draw conclusions derived from a more diversified pool of data.

Furthermore, participants of interviews in this study agree upon the positive link between tax revenues and the level of social welfare and further agree that tax evasion affects all of us in a negative way. The only way to stop these evasion arrangements is through better understanding of the processes involved in tax evasion and therefore future research is a key factor in dealing with these issues. Much research which contradicts the auditor's involvement in tax evasion exists, nonetheless there seems to be little research that studies the actual processes that are involved in tax arrangement. Brought up in an interview was the fact that it is not only auditors that are involved in tax evasion, they do not act alone and in order to solve tax evasion one needs to know all the parts of the puzzle. Therefore, we believe that there is an urgent need to further study the processes of tax evasion so to facilitate auditors and government entities to better understand patterns that indicate illegal activities and thus set a basis for managing the issue of tax evasion.

Another interesting angle to the tax evasion problem would be to study the moral of tax payers, it could be focusing on either the individual or seeing to whole companies. Perhaps the ultimate study with resources would be to have a mixture of both since after all it is the individuals running companies. What we concluded in this study is that moral is closely linked to tax evasion. With a low tax moral there will be more arrangements that are closer to the illegal evasion than it is to the rightfully legal avoidance. We think that researching moral can be a piece of the puzzle to reducing tax evasion, if one finds out why tax moral is low it is a step closer to figuring out how the moral can rise and stay at a good rate.

6 References

- Öhman, P., Häckner, E., Anna-Maria, J., & Finn, T. (2006). Swedish Auditors' View of Auditing: Doing Things Right versus Doing the Right Things. *European accounting review* , 15 (1), 89-114.
- Alvehus, J., & Jensen, T. (2015). *Organisation* . Lund : Studentlitteratur AB.
- Alvesson, M., & Sköldbberg, K. (2017). *Tolkning och reflektion : vetenskapsfilosofi och kvalitativ metod* (Vol. 3). Lund: Studentlitteratur AB.
- ARD (Director). (2016). *Panama Papers: The Shady World of Offshore Companies* [Motion Picture].
- Berg, L. B., & Lune, H. (2012). *Qualitative Research Methods for the Social Sciences*. United States of America: Pearson Education Inc.
- Bryman, A. (1995). *Research Methods and Organization Studies*. London: Routledge.
- Bryman, A., & Bell, E. (2017). *Företagsekonomiska forskningsmetoder* (Vol. 3). Stockholm: Liber.
- Burrows , G., & Black, C. (1998). PROFIT SHARING IN AUSTRALIAN BIG 6 ACCOUNTING FIRMS: AN EXPLORATORY STUDY. *Accounting, OrganizaNom and Society* , 23 (5), pp. 517-530.
- Bustos-Contell, E., Climent-Serrano, S., & Labatut-Serer, G. (2017, May). Offshoring in the European Union: a Study of the Evolution of the Tax Burden. *II* (2), pp. 235-248.
- Carrington, T. (2016). *Revision*. Stockholm: Liber AB.
- Colis, J., & Hussey, R. (2014). *Business research a practical guide for undergraduate and postgraduate students* (Vol. 4). Basingstoke: Palgrave macmillian.
- Commission, E. (n.d.). www.ec.europa.eu. Retrieved 04 25, 2018, from ec.europa.eu: https://ec.europa.eu/taxation_customs/business/company-tax/merger-directive_en
- Daly, B. A., & Schuler, D. K. (1998). Redefining a Certified Public Accounting firm. *Accounting, Organizations and Society* , 23 (5), pp. 549-567.
- Daunton, M. (2001). *Trusting Leviathan: The Politics of Taxation in Britain 1799 - 1914*. Cambridge: Cambridge University Press.
- Deegan, C., & Unerman, J. (2008). *Financial Accounting Theory* . Berkshire: McGraw-Hill Education.
- Egger, H. P., & Wamser, G. (2015). The impact of controlled foreign company legislation on real investments abroad. A multi-dimensional regression discontinuity design. *Journal of Public Economics* , 77-91.
- Ekobrottsmyndigheten. (2017, 12 21). *Press: Slopåd revisionsplikt bidrog till ekonomisk brottslighet*. Retrieved from Ekobrottsmyndigheten: <https://www.ekobrottsmyndigheten.se/press/nyheter/2017/12/slopad-revisionsplikt-bidrog-till-ekonomisk-brottslighet/>
- Freidson, E. (2001). *Professionalism*. Chicago : The university of Chicago press .
- Grey, C. (1998). On being a professional in a "big six" firm. *Accounting, Organizations and Society* , 23 (5/6), 569-587.
- Hanlon, G. (1994). *The Commercialisation of Accountancy: Flexible Accumulation and the Transformation of the Service Class*. London: Palgrave Macmillan UK.
- Hanson, N. (Director). (2017). *Uppdraggranskning: Paradisläckan* [Motion Picture].
- Heard, J. E., & Bolce, W. J. (1981). The political significance of corporate social reporting in the United States of America. *Accounting, Organizations and Society* , 6 (3), pp. 247-254.
- Henriksson, L. (2018, 04 06). *Om FAR: Det här är FAR*. Retrieved from FAR: <https://www.far.se/om-far/det-har-ar-far/>
- Holme, I. M., & Solvang, B. K. (1997). *Forskningsmetodik - Om kvalitativa och kvantitativa metoder* (Vol. 2). Lund: Studentlitteratur AB.
- IFAC. (2005). *Code of ethics for professional accountants*. International Federation of Accountants.
- Investopedia. (2018, 03 15). *Terms: Offshore*. Retrieved from Investopedia : <https://www.investopedia.com/terms/o/offshore.asp>

- Investopedia. (2018, 03 15). *Terms: tax avoidance*. Retrieved from Investopedia: https://www.investopedia.com/terms/t/tax_avoidance.asp
- Johnson, T. J. (2016). *Professions and Power*. New York, New York: TAYLOR AND FRANCIS.
- Jones, R. W. (2005, Aug.). Immigration vs. outsourcing: Effects on labor marketsB. *International Review of Economics and Finance* , 14, pp. 105-114.
- Kearney, C. (2010). The Future of Self Regulation for Auditors and Accountants. *Accountancy plus* (issue: 03), 35.
- Larsson, B. (2005). Auditor regulation and economic crime policy in Sweden 1965-2000. *Accounting, Organizations and Society* , 32 (2), pp. 127-144.
- Macdonald, K. (1995). *The sociology of the professions*. London: Sage Publications Ltd.
- Oladi, R., Beladi, H., & Gilbert, J. (2014, Mars). A STRATEGIC APPROACH TO OFFSHORING. *ECONOMICS & POLITICS* , 26 (1), pp. 1-12.
- Power, M., & Gendron, Y. (2015, May). Qualitative research in auditing: A methodological Roadmap. *Auditing: A Journal of Practice & Theory* , 34 (2).
- Ramanathan, K. V. (1976, July). Toward a Theory of Corporate Social Accounting. *The Accounting Review* , 51 (3), pp. 516-528.
- Saunders, M., Lewis, P., & Thronhill, A. (2009). *Research Methods for Business Students*. United States: Prentice Hall.
- Shocker, A. D., & Sethi, P. S. (1973, July). An approach to incorporating social preferences in developing corporate action strategies. *California management review* , 15 (5), pp. 97-105.
- Sikka, P. (1995). *Accounting, Organizations and Society* , 20 (6), pp. 547-581.
- Sikka, P. (2017, January). Accounting and taxation: Conjoined twins or separate siblings? *Accounting forum* , 390-405.
- Sikka, P. (2008, 12 14). *Called to account*. Retrieved from The Guardian : <https://www.theguardian.com/commentisfree/2008/dec/14/credit-crunch-auditing>
- Sikka, P. (2013). Why combatting tax avoidance means curbing corporate power. *Criminal Justice Matters* , 16-17.
- Sikka, P., & Hampton, P. M. (2005). The role of accountancy firms in tax avoidance: Some evidence and issues. *Accounting Forum* , 29 (3), 325-343.
- Sikka, P., & Willmott, H. (1995). The power of "Independence": Defending and extending the jurisdiction in the United Kingdom. *Accounting, organizations and Society* , 20 (6), pp. 547-581.
- Skatteverket. (2018, 03 29). *Skatteverkets kontroller av dolda inkomster i utlandet*. Retrieved from Skatteverket: <https://www.skatteverket.se/omoss/varverksamhet/styrningochuppfoljning/skattekontroller/specialgranskningar/utlandstransaktioner.4.58a1634211f85df4dce800011401.html>
- Tjora, A. (2010). *Från nyfikenhet till systematisk kunskap: Kvantitativ forskning i praktiken* . Lund: Studentlitteratur .
- Transparency International. (2018, Feb 21). <https://www.transparency.org/>. Retrieved May 19, 2018, from transparency international: <https://www.transparency.org/country/SWE>

Appendix 1. Interview schedule

Inför intervjun

I vår uppsats undersöker vi företags-intressenternas syn på revisorns roll i skatteplanering, synnerligt i skuggan av alla uppmärksammade skandaler med skatteflykt i modern tid. Att revisorn skulle ha en roll i skatteflykt är ett nytt ämne för oss som vi fortfarande sätter oss in i. Den forskning vi har tagit del av kan sammanfattas i att revisionsbyråer aktivt marknadsför/erbjuder tjänster för skatteplanering och att det är dessa tjänster som har lett till olika vägar för att skatteflykt har skapats! Vi vill bestämt förtydliga att detta inte är vår syn på sakfrågan och att vi inte har en åsikt, vi vill enbart undersöka om och i så fall vilka tankar som finns bland intressenter om revisorns roll i skatteplanering.

Det frågor som vi hoppas kunna behandla under intervjun är:

- Vilken roll anser du att revisorn har i skatteplanering?
- Hur skulle du vilja definiera skatteflykt och skatteplanering?
 - Finns det en skiljelinje? Laglig eller moralisk
- Vem tror du det är som har skapat efterfrågan om skatteplanering?
 - Är det revisionsfirmorna som säljer/ övertygar företagen om att köpa tjänster för skatteplanering eller är det företagen som efterfrågar dessa tjänster?
- Berätta om hur du anser att skatteplanering och skatteflykt påverkar företagen?
- Hur tycker du att skatteplanering och skatteflykt påverkar andra delar av samhället?
- Hur kan skatteplanering se ut? Hur kan det utformas?
- Hur kan skatteflykt se ut? Hur kan det utformas?
 - Varför tror du att skatteflykt existerar?
 - Och vilka lösningar tror du skulle avhjälpa problemet?
- Anser du att det är moraliskt att skatteplanera?
- Vem gynnas av skatteplanering kontra skatteflykt?
 - Är det ägarna? Företaget? Eller både och?
- Kan det undgå revisorn att ett företag har byggt upp struktur för skatteflykt?
- Vad har revisorn för anmälningsplikt vid upptäckande av möjlig skatteflykt?
- Berätta gärna fritt det Du anser är relevant om revisorns roll i skatteflykt samt om det påverkan som skatteflykt har överlag i relation till ditt arbete/arbetsområde.

Vår önskan är att inte avbryta dig under intervjun utan vi vill gärna att du fritt berättar så mycket som möjligt om det du tycker är relevant och intressant. Vi kan komma att ställa följdfrågor om något intressant dyker upp, dessa kommer dock vara i relation till sakfrågan.