



Corporate Tax Avoidance as a CSR Failure: Tax Transparency, ESG Claims, and Public Accountability in Bangladesh

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ARTICLE INFORMATION	ABSTRACT
<p>Submitted: March 04, 2025</p> <p>Accepted: June 19, 2025</p> <p>Published: December 20, 2025</p> <p>Volume: 1</p> <p>Issue: 1</p>	<p>Corporate tax avoidance is an accounting, corporate governance, sustainability and public finance matter given that tax policies impact both the cash flows of the firm and the ability of the state to provide public services. The present paper reconsiders the notion that corporate tax avoidance is a corporate social responsibility (CSR) failure within the institutional setting of Bangladesh. The study does not rely on importing evidence from other jurisdictions, but instead relies on a structured integrative review of the empirical research undertaken in Bangladesh and an analysis of the regulatory framework of the Income Tax Act, 2023, the Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Code, and the emerging sustainability-reporting regime under the Financial Reporting Council (FRC). The findings reveal that profitability, firm size, ownership status, board characteristics, audit quality, political connections, and CSR activity are associated with the tax avoidance behavior in Bangladesh with the direction and strength of the relationship varying across the samples and measures used. The Bangladesh banking data shows a positive result that higher CSR spending can be correlated with lower tax avoidance and that political connection can have a negative impact on this correlation. Therefore, the article suggests that the low effective tax rate is not enough to pinpoint CSR failure or inconsistency in ESG. To enhance public accountability, the tax outcomes, tax transparency, governance quality, claims on CSR/ESG, and fair tax incentives should all be taken into account together, by examining the tax outcomes of firms, together with their tax transparency, governance and claims on CSR/ESG, as well as their fair tax incentives.</p>
<p>KEYWORDS</p> <p>Corporate tax avoidance, tax transparency, corporate governance, public accountability, CSR, ESG.</p>	

1. Introduction

The corporate tax rate is more than just an accounting cost, or a financing variable. It is also the most direct institutional linkage of business organizations and the state. Public infrastructure, courts, regulatory agencies, education systems, financial institutions, utilities and the broader stability of the economy are all important factors in the success of firms, and tax revenue is a key source of funding for many of these systems (Freeman, 2010). In this context, corporate tax planning has become a topic of discussion in a broader context in the areas of corporate social responsibility (CSR), environmental, social and governance (ESG) accountability and stakeholder governance. The central question is not if companies can legally manage their tax burden, they can. The harder question is when lawful tax planning becomes too aggressive, too opaque and, too inconsistent with what public officials say they are responsible for, to be regarded as a governance and accountability issue (Hanlon & Heitzman, 2010; Kovermann & Velte, 2019).

In Bangladesh, the question is not only significant due to the different tax rates as per statutes, various rules and regulations, tax incentives, minimum tax, advance withholding and evolving disclosure requirements, but also with respect to different sectors. The Income Tax Act, 2023 superseded the much-used Income-tax Ordinance, 1984, and laid a modern ground for income tax (National Board of Revenue [NBR], 2025). In the case of listed companies, the governance and disclosure are also influenced by the Bangladesh Securities and Exchange Commission (BSEC), Corporate Governance Code, 2018 and its amendments (Financial Reporting Council [FRC], 2026). Meanwhile, the Financial Reporting Council (FRC) has been pushing the financial reporting

framework in the direction of newer international standards, such as recently, work on pre-publication IFRS S1 and IFRS S2 (Dyreng et al., 2008; Hanlon & Heitzman, 2010). Bangladesh is now a more relevant context to explore the congruence of tax behavior to firms' public responsibility claims.

An effective tax rate, a book-tax difference, and firm-level governance variables are used to study the original version of this research problem. But in Bangladesh, caution needs to be used when interpreting these measures. The cash or accounting effective tax rate may be low due to tax incentives, tax holidays, accelerated depreciation, loss carry-forwards, sector specific tax rates, timing differences or minimum tax effects (Graham et al., 2014). It could also be a sign of aggressive tax planning. This possible difference in consequence of the same observed tax outcome means that there is also a difference in mechanism. This means that there is a difference in mechanism, as well. To simply label all low effective tax rates as "irresponsible" would conflate proper tax treatment with the practice of "taking the tax cut," and would risk overstating the extent of what accounting information can tell us.

Empirical studies on corporate responsibility and tax avoidance are already available for Bangladesh, which show that the relationship is not a one-size-fits-all. Rashid et al. (2024) find that a higher level of CSR expenditure is correlated with lower tax avoidance among all 30 listed banks on the Dhaka Stock Exchange from 2012–2020, and political connections dampen the relationship. This study by Hassan et al. (2022) reveals that tax avoidance activity is different in terms of ownership structures in listed companies, but there are differences among them. Further research also finds that profitability, firm size, board independence, board size, audit quality and capital intensity can impact tax avoidance, but these results are dependent on sector, model and proxy (Haque et al., 2026, Hossain et al., 2025). Acknowledging this heterogeneity is analytically important because it indicates that tax avoidance is not a one-dimensional behavioral phenomenon which can be deduced from one accounting ratio.

There is an additional accountability issue with CSR and ESG claims. A firm can issue a lot of statements on community development, employee well-being, environment, ethical governance, sustainability, and so on, but it has few to no statements about its tax policy, tax incentives, tax disputes, effective tax-rate reconciliation, or geographical location where it earns income. In this instance, there is an imbalance of information because the company shares a general story about its responsibility, but offers a few clues about a big contributor to public finances on one avenue (Freeman, 2010). Another issue is whether tax is minimized but whether tax planning is transparent, governed, explained and aligned with the firm's policy of tax minimization with regard to its commitments to stakeholders.

This article tries to come up with a Bangladesh-specific framework to address that question. Does not re-apply or re-label foreign firm-level results. Rather, it collates and consolidates the empirical evidence on Bangladesh-specific corporate tax outcomes and the national regulatory context to draw reasonable inferences from the corporate tax outcomes. The study has three closely related research objectives and research questions.

1.1 Research Objectives

1. To aggregate Bangladesh evidence for the determinants and sensitivity of corporate tax avoidance focusing on firm features and corporate governance mechanisms.
2. To test the congruence between corporate tax conduct, CSR/ESG claims, tax transparency in Bangladesh and the influence of tax-transparency governance factors, such as board composition, ownership structure, audit quality and political connections.
3. To create a public accountability framework for tax planning and tax avoidance that can be reasonably defined as a CSR/EESG accountability failure, which is specific to Bangladesh.

1.2 Research Questions

1. What evidence in Bangladesh suggests with respect to determinants and sensitivity to sampling of corporate tax avoidance do firm-level economic characteristics and corporate governance mechanisms play?
2. What is the relationship between tax behavior, claims of corporate social responsibility and environmental, social, and governance reporting efforts, and tax-transparency practices in Bangladesh, and how does the ownership structure, governance over the board, audit quality, and political connections affect the relationship?
3. When is corporate tax avoidance in Bangladesh different from tax planning and is it a CSR failure or ESG public accountability failure and when?

2. Literature Review and Theoretical Foundations

2.1 Corporate Tax Avoidance and Measurement Problem

Corporate tax avoidance usually involves activities performed by a company that diminish its actual tax liability compared to some benchmark, from normal tax planning to activities that might take advantage of uncertainty, complexity, or loopholes in the tax system. It is analytically different from the tax evasion which is an illegal non-compliance. Thus, the tax literature views avoidance as a continuum rather than a legal-illegal divide (Hanlon & Heitzman, 2010). This distinction is key for CSR analysis because an ethical assessment of a tax position cannot be made simply based on the resulting tax payment being low.

One of the most frequent proxies is the effective tax rates. The cash effective tax rate (CETR) is generally based upon cash taxes paid, and the GAAP or accounting effective tax rate is based upon recognized income-tax expense. One year accounting adjustments, losses, refunds, settlements and timing differences can lead to volatility in ETRs, which can be mitigated by long-run ETRs (Dyreng et al., 2008). Another view is through book-tax differences, which are the differences between the accounting income and estimated taxable income; such differences may be due to tax planning and/or legitimate differences between the financial-reporting and tax rules. Any good assessment should have several indicators and require a clear understanding of the tax system within which these indicators are produced.

Statutory rates may vary for publicly traded corporations, banks and financial institutions, insurers, tobacco companies and others and tax incentives and minimum-tax rules can distort the accounting profit to current tax expense relationship (Freeman, 2010). If you don't take these legal distinctions into account, a cross-firm comparison can incorrectly label a normal tax rate as an avoidance. In this context, it would be good practice to benchmark each firm's tax burden with the corresponding firm-year statutory and sectoral rate, as opposed to a uniform rate, for the firms under study.

2.2 Government and Local Authorities as CSR and Stakeholders

The most normative foundation of associating taxation with CSR is stakeholder theory. As well as shareholders' returns, corporations influence and rely on other actors whose interests are not encompassed by returns to shareholders, such as employees, customers, suppliers, communities, governments, etc. (Freeman, 2010). Taxation is a piece of this relationship since governments provide the financial backing for institutional and physical structures in which firms act. Aggressive tax avoidance may thus trigger concerns from a stakeholder point of view, if private value creation is achieved by underfunding public systems business relies on.

Many studies, in the field of empirical research, have identified relationships between CSR orientation and tax behavior. Lanis and Richardson (2012, 2015) also found that their firms' CSR disclosure or performance is negatively associated with tax aggressiveness, and Hoi et al. (2013) found that their firms' tax sheltering is positively associated with their irresponsible CSR activities. However, it is not a general rule. CSR is multidimensional, companies can be both different on environmental, social, governance and fiscal aspects; and even if they are sharing their reputation on these aspects, their actions in reality may not be the same. This meta-analysis by Marques et al. (2024) reveals that the CSR-tax avoidance association is found to be context-dependent and sensitive to research design and measurement.

This is confirmed by the evidence from Bangladesh. The findings of Rashid et al. (2024) reveal a negative correlation between the CSR investment and tax avoidance of the listed banks, which aligns with the theory that socially responsible companies are less tax aggressive. But political connections diminish that effect. Tax incentives can be opaquer to outside stakeholders than it is to a company to make tangible social contributions.

2.3 Agency, Legitimacy, and Governance Perspectives

There is another mechanism involved in agency theory. While tax planning may boost after-tax cash flows and thus positively impact shareholders, it can also lead to higher managerial discretion, opacity and opportunities for private benefits (Desai & Dharmapala 2006). Hence, the governance mechanisms are a key factor in identifying whether tax avoidance is a good way to manage the tax system or is a form of managerial opportunism. Monitoring environment in which tax decisions are made can be changed by independent board, audit committees, ownership concentration, quality of auditors, managerial incentives, and political connections (Armstrong et al., 2015; Kovermann & Velte, 2019).

Legitimacy theory also applies when firms adopt CSR/EESGs communication strategies to ensure their social acceptance. While sustainability reports, CSR spending, and donations, environmental programs, and statements of governance can add legitimacy to a company, they can also yield a credibility dilemma if key financial activities are opaque. Not disclosure is symbolic per se but rather consistency between disclosure and the other facets of corporate behavior. Tax transparency is thus a crucial link between the reputation and the accountability.

2.4 Bangladesh-Specific Evidence

Bangladesh research is no longer limited to conceptual approaches on the issue of corporate tax avoidance. Islam and Hashim (2020) suggest two perspectives: the agency and social-responsibility, to explain tax avoidance in listed firms of Bangladeshi Companies. Islam and Hashim (2020) suggest the agency and social-responsibility perspectives to understand tax avoidance in listed firms of Bangladeshi Companies, where managers take advantage of the complexity of the tax law while the stakeholders experience wider social costs. Hassan et al. (2022) examine a sample of 77 listed companies and report that there is a relationship between ownership structure and tax avoidance, some of which is significant and others is not. The evidence they present suggests that ownership should be considered as a differentiated governance mechanism – not a single governance measurement.

Using the case of Bangladesh, Hossain et al. (2025) explore the relationship between firm characteristics, independent directors and tax avoidance and find that tax avoidance is correlated with profitability and size, with independent directors also ameliorating the impact of profitability and size. Haque et al. (2026) conclude that, within the context of a two-step system-GMM approach and listed banks from 2014 to 2023, profitability is positively associated with tax avoidance while board size, board independence and capital intensity are negatively associated with tax avoidance. Rather they demonstrate that the choice of model, the composition of the industry, the time period and a proxy for tax avoidance are important variables.

The evidence for the banking sector is extensively developed, and it should not be possible to transfer this to the non-financial sector since the non-financial firms are subject to different tax rates, prudential regulation, capital requirements, and expectations for CSR. This presents an obvious cross-sector and non-financial research gap between tax outcomes and direct measures of tax transparency and sustainability disclosure. The existing literature in Bangladesh, therefore, is sufficiently strong to prove the relevance of the topic but not sufficiently strong to make a universal conclusion that low tax payments are equivalent to failure of CSR.

2.5 Research Gap

Three gaps emerge. One of the first challenges for Bangladesh studies is that they rely on diverse proxies and samples, which limits the ease of comparison. Second, tax avoidance is typically studied in isolation of the substance of tax disclosures, CSR stories, and ESG statements. Third, the debate may be hastened and hasty in moving from a low “effective” tax rate to a normative assessment of social irresponsibility. The framework of accountability needs to be Bangladesh specific and inquire into the outcome of the tax: whether it's legally explainable, transparently reported, well-governed and aligned with the firm's public promises.

3. Institutional and regulatory environment of Bangladesh

3.1 Income Tax Framework

The Income Tax Act, 2023, is the modern regulation of income tax in the context of Bangladesh. The National Board of Revenue (NBR) also keeps the Income-tax Ordinance of the earlier periods going with its historical Income-tax Ordinance, 1984 and the subsequent amendments to it. Any longitudinal study that encompasses both the pre- and post-2023 contexts must thus classify the relevant legal environment with regard to a specified year: either 2023 or 2022.

The tax rates of corporate taxes differ among the categories of corporate tax payers, and may also be dependent on compliance criteria. This is important for the measurement of tax-avoidance directly. The rate might be different for a publicly listed industrial company than it is for a bank, insurer, tobacco company, mobile operator or non-listed company. Therefore, a raw ETR gap is not a good indicator unless it is benchmarked against the relevant statutory benchmark and where possible, adjusted for tax holidays, reduced rates, minimum tax, losses and temporary differences. It is not because financial institutions are unimportant, but because the structures of their tax and regulatory regimes differ, that they are excluded from a non-financial panel.

These rules are applicable to the issue of tax avoidance, because the government does not make its decision in a vacuum. The board sets the risk appetite, the audit committee is responsible for the financial reporting and internal control, external auditors are essential to the credibility of the reporting and ownership structures help shape the incentives for monitoring. Governance-compliance disclosures on annual reports should thus be incorporated into a Bangladesh-specific tax accountability analysis, not just based on financial ratios.

3.2 Sustainability and ESG Reporting

The Bangladesh sustainability-reporting landscape is changing. The FRC's draft announcement for IFRS S1 and IFRS S2 for 2026 suggests a greater design for the structure of sustainability disclosures. Prior to the full effect of those standards, numerous listed companies already provide information on CSR and sustainability in their annual reports, through their separate

sustainability reports, via their websites and in their corporate-governance statements. However, tax transparency is not always considered as a key ESG indicator. This might result in a reporting imbalance. A company can report on environmental goals, community investments, employee programs or governance practices in its tax notes, and only those that are required by the accounting rules. The question of accountability is then how much detail tax reporting will provide to stakeholders on the company's tax position, significant tax incentives, tax reconciliations, tax disputes and tax governance. The more the fiscal contribution becomes a part of governance and accountability to stakeholders, the more credible ESG is.

Table 1. Bangladesh institutional anchors for corporate tax accountability

Institution / instrument	Primary relevance	Tax-accountability implication	Use in research
National Board of Revenue; Income Tax Act, 2023	Corporate income-tax rules, rates and administration	Defines the legal benchmark against which tax outcomes must be interpreted	Firm-year statutory rate, incentives, minimum-tax and legal-regime coding
BSEC Corporate Governance Code, 2018 and amendments	Board, independent director, audit committee and governance disclosure	Links tax behaviour to monitoring and oversight	Board independence, audit committee, gender diversity, compliance indicators
DSE / CSE reporting and listing infrastructure	Annual reports and financial-statement disclosure	Provides public evidence for tax and governance assessment	Financial data, ownership, auditor, CSR/ESG and tax-note collection
Financial Reporting Council	Financial and sustainability reporting standards	Shapes comparability and credibility of reporting	IFRS-based financial data and evolving sustainability disclosure analysis

4. Methodology

4.1 Research Design

The reconstruction in this paper is based on a structured integrative review and regulatory-policy analysis approach, which was developed for the situation in Bangladesh. The design is appropriate as the immediate research purpose is to establish how existing evidence from Bangladesh, tax law, corporate-governance demands, and sustainability-reporting evolution collaboratively support the argument that tax avoidance is a CSR failure. The study thus blends secondary data instead of using foreign estimates of firms as Bangladesh data.

Unit of analysis is the relationship between four domains: (1) observed corporate tax behavior, (2) governance and ownership mechanisms, (3) CSR/ESG claims and disclosures, and (4) public-accountability institutions. The design incorporates peer reviewed empirical research and authoritative regulatory sources. It is interpretive because it assesses the meaning of tax outcomes, but not totally free of empirical constraints: normative conclusions are drawn only when the empirical or legal basis can be identified.

4.2 Evidence based and Source Selection

The evidence base is comprised of Bangladesh-specific research on corporate tax avoidance, CSR, corporate governance, ownership, political connections and tax-related reporting and other base-level international literature on tax-avoidance measurement and CSR. A preference is given to peer-reviewed journal articles that report the sample, period and variables and approach of analysis. Regulatory evidence is derived from the official documents provided by NBR, BSEC, FRC and DSE/CSE. It is a purposive review, not a PRISMA-style systematic review; to establish an analytically robust framework based on institutions rather than to calculate a pooled effect-size.

The studies were compared by sectors, sample periods, tax-avoidance proxy, governance variables and the main findings of the studies. The comparisons were made with respect to sectors, sample periods, tax-avoidance proxy, governance variables and principal findings of the studies. Consistent results were not given attention, as a failure to obtain them could be due to sensitivity of the measurement. Official regulatory documents were identified based on what they reveal about tax-rate benchmarking, board oversight, financial reporting and sustainability disclosure.

4.3 Analytical Framework

The analysis applies a four-stage accountability test to determine tax avoidance. In stage 1, it asks what the tax outcome is, and if it is compared with the relevant tax regime in Bangladesh. In the second stage, the question is if the company provides sufficient

information to give an explanation for that result. In Stage 3, it is assessed whether there were governance mechanisms that are likely to have inhibited opportunistic tax behavior. Stage 4: Consistency of tax position with company's CSR and ESG claims. The term CSR failure is only analytically convincing when the evidence indicates atypical aggressive tax strategy, poor transparency, poor governance, and a material mismatch with the public responsibility claims.

Figure 1. Bangladesh Corporate Tax Accountability Framework

1. TAX OUTCOME CETR / accounting ETR / long-run ETR / tax reconciliation / incentive-adjusted benchmark
↓
2. TAX TRANSPARENCY Tax policy, reconciliation, incentives, disputes, current/deferred tax, governance disclosure
↓
3. GOVERNANCE & CSR/ESG CLAIMS Board oversight, ownership, audit quality, political connections, sustainability/CSR commitments
↓
4. PUBLIC ACCOUNTABILITY JUDGMENT Legitimate planning ↔ opaque/aggressive planning; assess consistency before calling CSR failure

4.4 Coding Criteria

The stronger the tax outcome evidence, the more studies used multiple tax-avoidance proxies, controlled for firm characteristics, and/or applied panel methods that accounted for unobserved firm heterogeneity. The evidence for CSR and ESG was divided into two segments – direct expenditure/performance measures and narrative disclosure measures.

The dimension of accountability of tax transparency was considered separately. Future research at the firm level in Bangladesh could rate disclosure of: tax governance or policy; current and deferred tax; effective-tax-rate reconciliation; tax holidays or incentives; significant tax disputes and contingencies; tax-related related-party or cross-border matters; and board or audit-committee oversight. A parallel CSR/ESR report index might be able to be drawn from annual reports and sustainability reports. A comparison of these two indexes would help clarify whether fiscal accountability is substantive or much more a general rhetoric of sustainability.

4.5 Methodological Limitations

This design does not attempt to estimate a new Bangladesh firm-level causal model but it combines existing evidence and regulation. The studies that underlie these figures have diverse sets of sectors, time periods, and proxies used, as well as econometric methods, and it is not possible to compare the coefficients of the various studies directly. The regulatory regime is also evolving and therefore any conclusions with regard to disclosure responsibility can only be drawn in relation to the disclosure period. These restrictions are purposeful protection measures to prevent obtaining a Bangladesh-specific result from foreign empirical results.

Table 2. Selected Bangladesh evidence on corporate tax avoidance

Study	Sample / period	Focus	Main evidence	Implication
Rashid et al. (2024)	30 DSE-listed banks, 2012–2020	CSR, political connections, tax avoidance	Higher CSR expenditure is associated with lower tax avoidance; political connections weaken the relationship	CSR–tax alignment is governance-dependent
Hassan et al. (2022)	77 DSE-listed companies	Ownership structure and tax avoidance	Some ownership categories significantly explain tax avoidance, while foreign and institutional ownership are not uniformly significant	Ownership effects are differentiated
Hossain et al. (2025)	Bangladesh listed-firm panel	Firm traits, independent directors	Firm size, profitability and independent directors are associated with tax avoidance; moderation effects are reported	Board structure can alter firm-trait effects
Haque et al. (2026)	34 DSE-listed banks, 2014–2023	Firm traits and corporate governance	Profitability is positively associated with tax avoidance; board size, board independence and capital intensity are negatively associated	Sector and model specification matter
Islam & Hashim (2020)	Conceptual Bangladesh listed-firm setting	Tax avoidance, agency and firm value	Tax avoidance is framed as an agency and social-responsibility issue	Supports stakeholder and agency interpretation

5. Findings and Synthesis

The best lessons we may draw from the Bangladesh evidence is not that one single trait is invariably associated with tax avoidance. The more robust argument is that tax behavior is multi-faceted and dependent of the method of measurement. Sometimes there is a difference in effect on profitability, but not always. Board independence may also be directly predicted or it may be a moderating variable.

The finding is significant especially in the context of Bangladesh's system of differential taxation. A company's ETR can be low for a number of reasons including a lower statutory rate, available tax incentive, carry forward losses or a legitimate difference in accounting and taxable income. A credible explanation of the accountability, a legal and accounting account; before a moral inference. Many public debates fail to get to this explanatory stage. 5.2 CSR does not ensure responsible tax behaviour. The Bangladesh banking evidence confirms that there is a relationship between CSR and tax avoidance, but demonstrates why that relationship should not be over-simplified. The positive relationship between CSR expenditure and tax avoidance, as noted by Rashid et al. (2024), aligns with the view that a robust culture of CSR also percolates down to fiscal actions.

The findings indicate that there is a possibility to carry out the visible CSR expenditure alongside the governance conditions that are changing tax incentives and accountability. This has two implications. First, CSR should not be used as a kind of 'halo effect' a kind of 'halo effect' that automatically endorses responsible tax practice. Secondly, the study of tax behaviour should be conducted in a context of politics and governance under which corporate decisions are made.

The influence of governance and ownership is experience-dependent and can vary. The issue of governance has been identified again and again in the studies conducted in Bangladesh, but in different ways. The authors Hassan et al. (2022) demonstrate that the nature of ownership is important, but not all ownership types are significant for statistics. Hossain et al. (2025) find a positive relationship between independent directors and negative moderation effects, and Haque et al. (2026) report a negative relationship between board size and board independence and tax avoidance in the banking sector. The differences between studies suggest governance needs to be implemented at the mechanism level. For the boards and regulators, this translates to 'good governance' not being a proxy variable. Tax oversight could be dependent on the audit committee's capabilities, the independence of the external auditors, the concentration of ownership in tax oversight, the presence of politically connected directors in tax oversight, and the credibility of tax reporting by the external audit.

The existing tax-avoidance literature in Bangladesh has mainly examined the factors influencing the ETRs or proxies for ETRs. Far less has been paid attention to whether companies communicate their tax results to stakeholders. This is the middle hole that is an ideal analytic spot for ESG. ESG reporting is all about delivering information that is essential for decision making on environmental, social and governance risks and performance. When tax is a governance and social contribution issue, a company's fiscal situation should be transparent enough for stakeholders to grasp the rationale behind the difference in the company's tax burden from a statutory indicator.

Tax transparency does not mean that firms have to be required to disclose commercially sensitive information or privileged tax planning advice. It does call for enough disclosure to be able to differentiate between legitimate low ETR and unexplained ETR. Cross-border structures are relevant if these are in place, and are considered useful disclosures. Current and deferred tax is also considered useful disclosure. Material incentives or tax holidays, major tax disputes and contingencies, and tax governance responsibilities are also considered useful disclosures. The journalistic reporting of the accounting tax note on any expansive ESG claim by the company undermines public accountability. The fifth public accountability is that we must make a proportionate judgment.

The evidence is not compelling to support the rule that any tax avoidance is a failure of CSR. There are at least four situations to distinguish in making a proportionate judgment. First, a low tax rate can be completely justified on the basis of a proper, legally accepted incentive and proper, transparent disclosure; this is not, per se, a CSR failure. Second, a company can engage in advanced, but legal tax strategies, while explaining their tax strategy in detail, and stakeholders can discuss the ethics of the approach, but the transparency problem can be mitigated. Third, a firm can have strong planning and poor disclosures and poor governance; this generates a greater public-accountability issue. Fourth, a company can make wide public statements about CSR/ESG but also engage in opaque actions that have real impacts on tax payments without explicit disclosure, making the idea of a CSR fail most compelling.

Therefore, the focus of the analysis is not on tax minimisation per se, but the congruence between tax results and tax transparency, tax governance and corporate claims. It is particularly significant in Bangladesh, where statutory rates and tax incentives differ significantly, as well as in the context of public disclosure practices that continue to develop.

6. Discussion

6.1 Tax Avoidance can Be Treated as a CSR Failure

The materiality of a conflict between the firm's claims and firm actions, and the inability of ordinary legal or economic considerations to account for that conflict, make tax avoidance a credible CSR concern. Stakeholder theory claims that there are duties that corporations owe to people who are not just their shareholders, and agency theory suggests that managerial discretion could be provided in the form of opaque tax structures. Building on this, legitimacy theory proposes that CSR communication can become discredited when its actions are not consistent.

6.2 Implications for Investors in Bangladesh

The policy question is not for NBR, BSEC and the FRC to be another tax return reporting on ESG. BSEC already has a corporate-governance structure that offers an institutional platform in the form of corporate boards, audit committees, codes of conduct and disclosure requirements. These systems can include a governance structure for tax governance without developing a new one. The FRC's progress toward sustainability-reporting standards also provides an opportunity to make clear that fiscal contribution and tax-risk governance can be material to investors and stakeholders even when companies say they are contributing socially and are responsible in their governance and that they, too, should be disclosed in the sustainability report.

6.3 Implications for Regulators and Standard Setters

For NBR, BSEC, and the FRC, the policy issue is not to convert ESG reporting into another tax return. The objective is to improve the interpretability of publicly reported tax outcomes. A concise tax-governance and transparency framework for listed

companies could require or encourage disclosure of board responsibility for tax risk, material tax incentives, effective-tax-rate reconciliation, significant disputes, and the relationship between tax strategy and sustainability commitments.

BSEC's corporate-governance framework already provides an institutional platform through boards, audit committees, codes of conduct, and disclosure obligations. Tax governance can be incorporated into these structures without creating a separate governance system. The FRC's movement toward sustainability-reporting standards also creates an opportunity to clarify that fiscal contribution and tax-risk governance can be material to investors and stakeholders, particularly where companies make broad claims about social contribution and responsible governance.

In the business world, increased tax transparency may help to diminish suspicion even when taxes are in fact low. It is helpful to clarify the manner in which the role of the statutory incentives, depreciation, tax holidays, losses and timing differences can clarify that responsible tax planning is different from opaque tax planning.

Table 3. Proposed public-accountability interpretation matrix

Tax outcome	Transparency	Governance / ESG consistency	Interpretation
Low ETR, legally explained	High	Consistent	Legitimate tax position; weak basis for CSR-failure claim
Low ETR, partly explained	Moderate	Mixed	Requires additional scrutiny and reconciliation
Aggressive/unusual outcome	Low	Weak governance	Material public-accountability concern
Aggressive/unusual outcome	Low	Strong CSR/ESG rhetoric but poor fiscal explanation	Strongest case for CSR/ESG misalignment or CSR failure

7. Research Contribution and Novelty

This article enriches the landscape of the corporate accountability literature in Bangladesh by combining the concepts of tax avoidance, transparency, corporate social responsibility/ESG claims and governance in one interpretative framework. Past studies in Bangladesh have identified that firm characteristics, ownership, board structure, audit quality, firm CSR activity and political connections are all related to tax avoidance. What's new about this is that they make tax transparency the basis for deciding on whether those tax results are legitimate evidence of responsible or irresponsible behavior.

The framework also enhances measurement discipline. It does not assume that a low ETR is necessarily a sign of aggressive tax planning, especially in a country where the tax rate and incentives are different for various business sectors. Rather, it needs to be benchmarked against the laws in force for a given fiscal year and explained through disclosures. This shifts the argument from a simplistic 'low tax equals bad CSR' to a measurable concept of fiscal accountability.

Finally, the study provides a research agenda to be pursued using the available Bangladesh annual reports and regulatory data. An empirical paper in the future can construct a panel of non-financial firms listed on DSE/CSE, code tax transparency and ESG claims, measure various proxies for tax avoidance, and test the relationship between governance and disclosure quality on the alignment of tax avoidance and public responsibility claims.

8. Limitations and future research

The major drawback is that the paper is not a new econometric study at the firm level, but rather an integrative, evidence and policy analysis. Hence, it cannot calculate the actual extent of tax avoidance for all the listed companies in Bangladesh. The sectors, periods, variables and methods used in the Bangladesh studies reviewed are also different, making it impossible to aggregate coefficients directly.

Future studies should build Bangladesh corporate tax panel using available annual reports and exchange filing records. Ideally, the design would be able to separate non-financial firms from banks and insurers, calculate cash, accounting, and long-run ETRs, code the applicable statutory rate for a firm-year, identify tax holidays and incentives, and measure board and ownership characteristics, as well as direct tax-transparency and CSR/ESG disclosure indices. A set of such data would enable the CSR failure proposition to be both directly and immediately tested, rather than being done indirectly.

A second priority is identification of cause. Major changes in policy (e.g., tax changes, governance-code changes, sustainability-reporting changes that evolve in phases over time) may open up opportunities for quasi-experimental research if appropriate comparison groups can be identified, and a defensible timing structure applied. In the meantime, the literature should differentiate between association and causation and not equate governance correlations with causation of tax avoidance in a specific manner.

9. Conclusion

While CSR, ESG and public-accountability analysis of corporate tax avoidance is a valid topic in Bangladesh, it must not be assumed to be a CSR failure. This study reveals that the tax behaviour is correlated with the CSR activity, the political connections, ownership, firm characteristics, board structure and the audit-related governance, but the finding is inconsistent across the sectors and the research designs of the studies conducted on Bangladesh. The differences are not justification for giving up on the CSR-Tax question, but instead it's an additional point of consideration.

The bottom line is that tax results depend on the context. A low ETR may be a result of aggressive planning, but may also be due to legitimate incentives, sector-related rates, losses, depreciation, or timing considerations. The analytical task is thus to link outcomes of tax with the legal and the transparency, governance and CSR/ESG factors to be followed. Accountability is greatest when companies provide justifications for their tax position beyond the statutory, and provide governance over tax risk.

Failure of CSR in the context of Bangladesh is not 'pay less tax than expected' alone. It's an inconsistency and lack of explanation of aggressive tax behaviour and the responsibilities that a company states to take in the public eye, particularly where transparency and governance are weak. This framework offers a better basis for distinguishing between tax planning and tax practices that compromise corporate accountability, for regulators, investors, researchers and companies.

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