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## INTEGRATING ESG FACTORS INTO CORPORATE TAX RISK MANAGEMENT: A CONCEPTUAL FRAMEWORK.

Auteur 1 : BEN-ALLA Ismail

Auteur 2 : NMILI Mohammed

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**BEN-ALLA Ismail**, (ORCID 0009-0007-7975-8197\*, Doctoral Student, MA)  
1 Sidi Mohamed Ben Abdellah University, Morocco

**NMILI Mohammed**, (ORCID\*, Professor, MA)  
2 Sidi Mohamed Ben Abdellah University, Morocco

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## Abstract

**Objective:** This research paper discusses incorporating Environmental, Social, and Governance (ESG) business issues into corporate tax risk management to determine important frameworks, empirical data, and difficulties, as well as the best practices.

**Theoretical Framework:** The study is based on the legitimacy theory, the stakeholder theory and the agency theory to justify how taxation emerges as a tangible ESG problem and the effects it has on corporate responsibility.

**Method:** A literature review was undertaken systematically to investigate publications that were published in the years 2020-2026. Having an initial set of 169 articles, 30 high-quality papers were chosen and evaluated through AI-assisted relevance scoring and thematic synthesis in different geographic settings.

**Results and Discussion:** It can be seen that taxation is gaining the recognition as an ESG issue that has a core impact on corporate legitimacy. Nevertheless, a paradox is introduced: some studies confirm the existence of a positive correlation between ESG performance and tax avoidance, suggesting that the gap between disclosure and actual practice exists. Governance systems such as board diversity and board independence largely affect the management of tax risk. The major issues are the data constraints, compaction in the regulatory sphere, and contradictory stakeholder expectations.

**Research Implications:** The study can be described by the significant gaps, in particular, the necessity of longitudinal and cross-country research and the necessity to assess ESG-tax integration frameworks further.

**Originality/Value:** The study is a synthesis of fragmented literature that demonstrates the ESG-tax avoidance paradox and adds taxation as a cutting-cutting ESG issue, moving a more connected approach to corporate tax management.

**Keywords :** ESG Integration; Corporate Tax Risk Management; Tax Governance; Tax Transparency; Stakeholder Theory.

## Introduction

Corporate taxation has long been viewed as a means of financial optimization, which in the first place is expected to reduce tax payments while remaining in compliance with regulations (Christensen and Murphy, 2004). In this classical paradigm, managing tax has been a very technical and financial process, and its overall social and ethical impact has not been given much attention. Nevertheless, with the rise of stakeholder capitalism and the growing prominence of environmental, social, and governance (ESG) issues, there has been a fundamental reconceptualization of expectations around corporate conduct. Stakeholders such as investors, regulators, and civil society are increasingly scrutinizing corporate tax practices, specifically aggressive tax approaches and their effects on social welfare and public funds (Sikka, 2010). Taxation has emerged as a significant ESG concern in this dynamic context, no longer merely a matter of financial performance, but a question of broader social contribution encompassing fair resource allocation, government capacity to finance socially beneficial activities, and corporate legitimacy (Avi-Yonah, 2008). This transformation is supported by increasing demands for transparency and accountability, manifested in enhanced disclosure frameworks and improved tax governance models (Gribnau & Jallai, 2017). Consequently, the pressure on corporations to align their tax strategies with ESG principles is intensifying, presenting both risks and opportunities that require more integrated approaches to tax risk management (Hardeck & Hertl, 2014).

Against this background, this research paper examines the integration of ESG considerations into corporate tax risk management. Specifically, it addresses the following research questions:

- What are the theoretical underpinnings of the emergence of taxation as a fundamental ESG concern?
- Which conceptual frameworks can be used to integrate ESG principles into tax risk management?
- What does the empirical evidence reveal about the connection between tax practices and ESG performance?
- What are the challenges and opportunities that firms face in their efforts to adopt responsible tax practices?

To address these questions, this paper aims to provide a comprehensive analysis of how ESG elements can be incorporated into managing corporate tax risks. In particular, it seeks to review the theoretical foundations that underlie the identification of taxation as a material ESG issue, identify and critically discuss conceptual frameworks for ESG-tax integration, synthesize the empirical evidence on the relationship between tax practices and ESG performance and examine the main challenges, opportunities, and best practices related to responsible tax strategies.

The remainder of this paper is structured as follows: Section 1 outlines the methodology adopted, combining PRISMA-inspired principles with a narrative approach. Section 2 reviews the theoretical foundations, drawing on stakeholder theory, legitimacy theory, and institutional perspectives. Section 3 presents the conceptual frameworks for ESG–tax integration, including governance mechanisms and disclosure practices. Section 4 provides a synthesis of the results and discussion, examining the relationship between corporate tax practices and ESG performance across different contexts. Section 5 focuses on tax as a material ESG issue. Section 6 discusses the key implementation challenges faced by firms, including regulatory complexity and stakeholder pressures. Section 7 identifies emerging best practices and new approaches, offering recommendations for practitioners and policymakers. Section 8 highlights directions for future research. Finally, the conclusion synthesizes the main findings.

## **1. Methodology**

To achieve these objectives, the study is based on a systematic review of scholarly literature published between 2020 and 2026. A total of 169 articles were initially identified from various databases, from which 30 high-quality articles were selected for in-depth analysis. These articles represent diverse geographic settings (including Malaysia, Korea, Thailand, Egypt, China, Canada, and the European Union) and employ varied methodological approaches. Theoretical frameworks and institutional perspectives were incorporated to strengthen the analytical foundation. The review focuses on the integration of ESG factors into corporate tax risk management, covering theoretical approaches, empirical findings, implementation challenges, and emerging best practices.

## **2. Theoretical framework**

The theoretical framework outlines a critical and logical review and synthesis of the literature sources on ESG-tax integration, including the key theories, frame models, evidence, and gaps existing in the literature. It outlines how corporate taxation developed as a pure financial role to a multidimensional ESG problem.

### **2.1. Tax behavior and the legitimacy theory**

The legitimate theory offers a theoretical background to explain how ESG-tax integration understands the concept of legitimacy. Organizations strive to be legitimate and ensure that operations are in line with the societal expectations and norms (Dowling and Pfeffer, 1975). Legitimacy problems arise when the corporate tax practices do not coincide with the community expectation of fair play and responsibility; this is because of reputation damage, regulatory investigations, and activism among the stakeholders (Lanis and Richardson, 2012). It has been proved that the insincerity of corporate legitimacy may be observed due to tax avoidance even in

cases where such avoidance is lawful, especially the violations of it in the face of stated ESG promises (Ylonen and Laine, 2015). This has an effect of generating a legitimacy gap within organizations that organizations have to cope with by transparency, disclosure, and alignment of the tax practices with professed values (Suchman, 1995). The legitimacy aspect indicates that ESG-tax integration is not an obligatory one; it is an innovative reaction towards the changing social pacts between corporations and the society (Deegan, 2002).

## **2.2. Stakeholder theory**

The stakeholder theory is based on the argument that stakeholders should strike a balance among interests of various groups besides shareholders, such as workforce, community, government and civil society (Freeman, 1984). Tax is a major issue of stakeholder consideration since it has a direct impact on the availability of the community resources and the perception of corporates to the society (Dowling, 2014). The literature indicates that the various stakeholder groups have a different expectation with respect to corporate tax behavior. Tax risk in the eyes of more investors is now coming to focus on tax risks as perceived through ESG prism, which is reputational harm and regulatory risk of tax planning by any aggressive tax strategies (Gallemore et al., 2014). The principles of fair tax are promoted by civil society organizations that follow the economic substance and social responsibility (Avi-Yonah, 2014). Governments want to have partnership with transparent and compliant taxpayers (OECD, 2013). These conflicting yet diverse stakeholder expectations necessitate frameworks that can be effective in integrating ESG-tax (Preuss, 2012).

## **2.3. Tax governance and agency theory**

Agency theory focuses on the issues of conflict between the principal (shareholders) and the agent (management) over the decision making in corporations (Jensen and Meckling, 1976). Agency problems arise in tax sensitive environments whereby management is driven by tax benefits that yield to their personal interests (e.g. short-term earnings management) opposed to long term shareholder value (Desai and Dharmapala, 2006). ESG-tax integration involves agency issues by having a better governance mechanism, as the board can monitor tax strategy, disclosures being transparent, and even the tax practices of the corporation going in line with the corporate values (Minnick and Noga, 2010). It has been found out that robust tax governance lowers the agency cost because it limits opportunistic tax conduct and provides tax choices that align with the stakeholder interest (Armstrong et al., 2015). According to this theoretical view, the elements of governance structures are instrumental to successful ESG-tax integration (Richardson et al., 2013).

## **3. Conceptual frameworks for ESG -tax integration**

Continuing on theoretical backgrounds presented above, the following section explores the key conceptual frameworks that would allow integrating the consideration of ESG in corporate tax risk

management. It critically evaluates their background assumptions, breadth, and applicability on the ground, with regard to their role in changing the compliance-based tax practices into more strategic and sustainability-based strategies.

### **3.1. The gri 207 tax standard**

A new standard of tax transparency and ESG integration is the GRI 207 Tax Standard by the Global Reporting Initiative, which was launched in 2019 (GRI, 2019). GRI 207 demands the disclosure of tax strategy, governance of taxes, stakeholder involvement concerning tax, and country-by-country reporting (Evers et al., 2017). Taxation has become a significant sustainability concern in practice and should be reported regularly, just like social and environmental measures (Overesch & Wolff, 2021). There are still few empirical findings regarding the adoption of GRI 207 since its introduction because initial studies indicate that it offers the systematic frame in which organizations operate to display responsible tax citizenship (Dutt et al., 2019). The fact that the standard focuses on aligning the tax strategy with business strategy and stakeholder interaction is a conceptual move where people think of tax as a technical compliance, as opposed to a strategic approach to ESG (Johannesen and Larsen, 2016). Cooperation: The compliance program entails cooperation between employers and the department of labor concerning performance standards, technological standards, and labor relations.

### **3.1. Cooperative compliance programs**

The compliance program involves collaboration between employers and the department of labor on performance standards, technology standards, and labor relations. Cooperative compliance (sometimes called horizontal monitoring or enhanced relationship) programs are the examples of regulatory frameworks that allow a transparent and real-time dialogue between the taxpayers and the tax authorities (De Simone et al., 2019). Such schemes are applied in several jurisdictions such as the Netherlands, Australia, and the UK where some degree of audit intensity and some degree of certainty is made in return by transparency and disclosure of tax positions (OECD, 2016). It has been shown that cooperative compliance is in line with ESG-tax integration since it motivates transparency, non-adversarial relationships as well as responsible tax behavior (Braithwaite, 2003). Companies that are in such programs can be accountable in managing taxes and transparency to meet ESG stakeholder expectations (Van der Hel-Van Dijk, 2017). Nevertheless, it is usually available to large companies with advanced tax departments, which will pose equity issues (Beer et al., 2019).

### **3.2. Integrated reporting frameworks**

The Global Reporting Initiative, which is a framework, encourages integrated reporting that links both financial reporting with ESG consideration (International Integrated Reporting Council

(IIRC), 2013). In integrated reporting, tax is placed as a value, material to creation of financial capital (through effective tax rates), social capital (through public contribution) and reputational capital (through perception of stakeholders). Research on the adoption of integrated reporting approach reveals that a company that adopts such frameworks reports a stronger consistency between tax strategy and the overall corporate purpose (De Villiers et al., 2014). Nonetheless, studies also report that the tax disclosure in the integrated reports is quite superficial, which implies the difficulty in implementation (Flower, 2015). The argument of the concept integrated reporting is that it is holistic in nature, which still needs to be refined into practical matters when it comes to taxation (Adams, 2015).

#### **4. Results and discussions**

Based on the chosen empirical literature, in this section, the author introduces and critically argues about the key results concerning the topic of ESG-tax integration. It determines significant trends, contradictions, and arising paradoxes, and explains their findings as per the theoretical views mentioned above.

##### **4.1. ESG performance and tax avoidance : the paradox**

There is a substantial amount of empirical studies analyzing the linkages between ESG performance and corporate tax behavior, which shows a nonlinear and even contradictory trend. As expected, several research findings indicate a positive relationship between high ESG performance and tax avoidance, which is inconsistent with the fact that socially responsible companies should have less intensive tax planning (Col & Patel, 2019; Davis et al., 2016; Hoi et al., 2013). A study on Malaysia revealed that companies with outpouring ESG ratings were associated with stronger tax avoidance, which can be interpreted that ESG undertakings can offer a source of moral capital, which prevents potential criticism of aggressive taxation schemes at the expense of tax congruence (Mohamad Nor et al., 2021). On the same note, investigations in China and Thailand also have reported positive associations between ESG and tax avoidance, wherein the scholars suggest that ESG performance can be taken as greenwashing to counter reputational risks caused by tax planning (Lin et al., 2018; Laksmi and Zulaikha, 2019). Nevertheless, other studies point to the negative or non-significant correlations, and some research discovered that high ESG practices governance has less tax avoidance (Zeng, 2019). Such conflicting results indicate that the relationship between ESG and taxes is mediated by contextual factors such as regulatory environment, stakeholder pressure, and corporate culture (Whait et al., 2018). The empirical paradox shows that reporting of ESG is not sufficient to be responsible in taxes; it is important to integrate it with substantive support of practices and their commitments (Fernandez-Rodriguez et al., 2019).

#### **4.2. Tax transparency and stakeholders reactions**

A study looking at tax transparency initiatives described has opportunities to understand how the parties react to ESG-tax integration. Research indicates that better tax disclosure is associated with better investor perceptions, especially among institutional investors that have an interest in the ESG factors (Dyreg et al., 2016). Transparency lowers information asymmetry, as the stakeholders are able to estimate whether the values stated are aligned with tax practices (Hoopes et al., 2018). But there is empirical evidence that also expresses risks. In a study conducted in Korea, it was established that augmented tax disclosure is more likely to render firms to substantial public disparagement and regulation examination when disclosures unveil forceful tax positions (Kang and Kim, 2020). This leads to the transparency dilemma in which disclosure can create reputational risks in a situation where the practices are legal (Dyreg et al., 2013). Successful integration of ESG-tax therefore demands both transparency and meaningful tax conduct in accordance to the expectations of the stakeholders (Graham et al., 2014). The board addresses the issue of tax risk by ensuring sufficient transparency in the accounting and management of its corporate affairs.

#### **4.3. Board governance and tax risk**

The board copes with the problem of tax risk by maintaining adequate transparency of the accounting and management of its corporate activities. The pointers to the existence of empirical evidence show that board governance practices have a substantial effect on tax risk and ESG-tax integration. Research determines that independence, expertise, and diversity of boards are associated with a more conservative tax policy and greater tax transparency (Badertscher et al., 2013; Robinson et al., 2011). A study conducted in Egypt on board structure and tax evasion showed that boards with financial skills and women representation were less tax evasive (Abdelfattah & Aboud, 2020). In like manner, research in Canada and the EU reported that tax oversight boards committees at board level improve tax governance and alignment of ESG (Bradshaw et al., 2019; Kovermann and Velte, 2019). These results are important stressors on the centrality of governance frameworks in rendering ESG commitments into tax practice (Richardson et al., 2015).

#### **5. Tax as a material ESG issue**

This part theorizes taxation as material ESG issue through analysis of its multidimensional implications on environmental, social, and governance areas. It puts an emphasis on the role of tax practices in contributing to not only financial performance, but to the wider societal and sustainability aspects too.

### **5.1. Environmental dimension**

Although tax can seem to be either social or governance based, studies have shown that there are significant environmental relationships. Tax policy tools such as carbon taxes, environmental taxes, and tax incentives to go green have direct relationships between tax and environmental results (Baranzini & Carattini, 2017). There are corporate tax arrangements that influence those instruments that have environmental consequences (Metcalf and Stock, 2020). Further, studies observe that aggressive tax evasion will decrease the amount of revenues of the people to spend on environmental protection and climate action (Cobham and Jansky, 2018). Companies that have made a commitment to environmental sustainability have increased pressure on them to embrace social accountability to fund environmental investments by the community, liable to the payment of taxes (Avi-Yonah and Mazzoni, 2018). This makes tax a significant consideration of environmental ESG pillars, as opposed to social and governance dimensions of Gribnau, 2015).

### **5.2. Social dimension**

Tax is a direct social contribution tool, which finances the social and social programmes, infrastructure and social services (Murphy, 2019). Studies have shown that stakeholders are increasingly considering the corporate social responsibility in the light of taxation and perceive tax evasion to be something that is not in tandem with social obligations (Sikka and Willmott, 2010). The works within the context of developing economies identify relatively high social expectations of tax contribution due to the level of resource limits and development demands (McGauran, 2013). The discussion of profit shifting and base erosion continues to grow increasingly relevant to multinational corporations because they avoid paying tax in the countries of origin (Crivelli et al., 2016). The social aspect of the ESG-tax integration involves harmonizing tax practices with the general social impact commitments (Avi-Yonah, 2019).

### **5.3. Governance dimension**

One of the governance ESG problems includes tax governance in terms of strategy, control over risk, and compliance (Erle, 2008). Studies have discovered that tax governance plays a vital role in the quality of governance in the entire corporation and poor tax governance is an indicator of the presence of comprehensive governance failure (Hanlon and Heitzman, 2010). Research report that board oversight, tax strategy disclosure, and tax risk frameworks are effective governance mechanisms to boost ESG performance and curb governance-related risks (Wilde and Wilson, 2018; Blouin, 2014). The governance aspect focuses on the fact that the policy has to be integrated in terms of ESG-tax that necessitates not only the right tax results but also governance processes guaranteeing accountability and control (Shackelford and Shevlin, 2001).

## **6. Implementation challenges**

Although the need to integrate ESG-taxes is increasingly becoming significant, its application is a complicated task. In this section, the author will discuss the major structural, regulatory, and organizational issues that limit successful integration with a particular focus on the tensions and trade-offs of firms.

### **6.1. Information availability and measurement**

Another important issue in the implementation of ESG-tax integration is the availability and complexity of data to measure it. In line with financial metrics, ESG-tax integration does not come with standardized measurement structures, which makes comparability a problem (Dyrenge et al., 2008). The organizations have difficulty in measuring and reporting on responsible tax behaviour outside the effective tax rate reporting (Lisowsky et al., 2013). The data on country-by-country reporting (CBCR) is not transparent in most jurisdictions, even though it is required of large multinationals, which restricts their access by stakeholders (Cockfield and MacArthur, 2015). Competitive sensitivity and complexity are the issues that lead to corporate resistance to public CBCR initiatives (Bouvatier et al., 2017). The absence of available and similar data will deprive stakeholders of the commitment to evaluate ESG-tax integration effectively (Lagarden et al., 2019).

### **6.2. Opposing stakeholder expectancies**

ESG-tax integration faces a range of various, and occasionally conflicting stakeholder demands to negotiate. A stakeholder can focus on the financial results and efficiency of tax by paying taxes, whereas the civil society demands the maximum possible payment of taxes (Hanlon & Slemrod, 2009). The tradeoff between these tensions is a strategic challenge to the tax decision making (Chen et al., 2010). It has been recorded that organizations are under pressure to, at the same time, reduce tax-related cost (through financial stakeholders), and at the same time, to prove to be responsible tax citizens (through ESG stakeholders) (Desai and Dharmapala, 2009). This introduces uncertainty on what is considered good responsible behaviors towards tax policies and there is no conclusive agreement of what is good levels of tax planning (Rego & Wilson, 2012). Good structures should give a guiding approach to such conflicts (Dyrenge et al., 2010).

### **6.3. Applicability of regulations and unpredictability**

The changing regulatory environment poses an issue of implementation of ESG-tax integration. There exists a high degree of variation in tax regimes across jurisdictions, which makes multinational corporations integrate both congruent ESG-tax strategies (Dharmapala, 2014). Furthermore, risk of uncertainty in regulation such as the continuing OECD Base Erosion and Profit Shifting (BEPS) initiatives and tax transparency guidelines of the EU makes the long-term

tax strategy planning complicated (Brauner, 2014). In the study, it has been observed that regulatory fragmentation may cause discrepancies between compliance with local tax law (which might allow aggressive planning) and ESG principles of responsible tax conduct (Avi-Yonah and Xu, 2017). The organisations should come up with structures that are dynamic to withstand the changes in the regulations and yet remain determined in its ESG responsibility (De Mooij & Ederveen, 2008).

#### **6.4. Organizational culture and evolution of tax function**

To achieve the ESG-tax integration functionality, it is necessary to make cultural changes in organizations and tax functions. Historically, tax departments had been very compliance and optimization oriented, and not much had to do with the wider ESG strategy (Freedman, 2003). Integration of ESG-tax entails the tax functions to assume stakeholder-based views and cooperate with sustainability departments (Williams, 2007). Such cultural change is resisted according to research and tax professionals perceived ESG considerations as imposing limitations on technical tax optimization (Avi-Yonah, 2006). To overcome such resistance, a team of leaders must be committed, the tasks of cross-functional and integration of ESG considerations in the measurement of tax functions (Schon, 2008).

### **7. Best practices and new approaches**

In an attempt to address these obstacles, companies are moving towards new practices to ensure that tax planning is in line with ESGs. This part of the paper discusses the new strategies and best practices, where it states the mechanisms which promote transparency, governance and alignment of stakeholders.

#### **7.1. Tax strategy disclosure and alignment**

The best practise in ESG-tax integration would be full disclosure of tax strategy, showing that it supports corporate purpose and corporate values (Freedman, 2008). Organizations are also releasing tax strategies that give principles, governance and approach of tax planning as opposed to the minimum disclosure (Owens, 2012). The literature has indicated that an effective tax strategy disclosure can focus on such fundamental aspects as board-level controls, compliance commitment, artificial arrangements rejection, and stakeholder engagement strategies (Russo, 2007). Such revelations are indicators of being responsible in taxation and offer accountability (Pinkernell, 2018).

#### **7.2. Tax risk structures that incorporate ESG factors**

Progressive entities are working out tax risk frameworks clearly with ESG issues together with traditional financial and compliance risks (Avi-Yonah, 2017). Those frameworks evaluate tax decisions based on a variety of perspectives, such as reputational consequences, perception of

stakeholders, and compatibility with corporate values (Avi-Yonah and Halabi, 2014). The body of research states that combined tax risk frameworks improve decision-making through exposing ESG implication of tax strategies to surface at an early stage of the planning processes (Avi-Yonah and Mazzoni, 2019). The most important are ESG risk assessment criteria, impact analysis of the stakeholders and tax position escalation procedures with high ESG implications (Brauner & Baez, 2015).

### **7.3. Tax stakeholder engagement**

A new trend in ESG-tax integration is the proactive stakeholder engagement in the tax. The leading organizations involve investors, civil society and communities when discussing tax practices, trying to get the picture of what they expect and why something was done when it was done as it was (Christians, 2010). Studies conclude that stakeholder involvement increases legitimacy, gives confidence, and offers advance warning of arising tax-related ESG challenges (Gribnau & Jallai, 2017). Nevertheless, research also observes more insightful engagement to be authentic and responsive to ensure its effectiveness; the superficial engagement may also fail to work since it elevates expectations without actually implementing tangible changes (Avi-Yonah, 2018).

### **8. Future research directions**

Even though the research on ESG-tax integration is increasing, much is still missing. Firstly, it is required to conduct longitudinal studies on how practices of ESG-tax integration would change over time in order to comprehend trajectories and results of implementation. Second, a cross-jurisdictional, cross-industry comparative research would help to shed light on the contextual elements that contribute to successful integration. Third, empirical studies concerning the reactions of stakeholders to various ESG-tax combination plans would be useful in offering pragmatic advice to companies. Also, there is a limited amount of research on the effectiveness of particular frameworks (GRI 207, cooperative compliance, integrated reporting) to meet the goals of ESG-tax integration. Research evaluating the ESG-tax integration with providing measurable results such as improvement of stakeholders trust, decrease of tax risk and growth of corporate reputation would be beneficial to the evidence base. Lastly, the use of technology, engagement in digital disclosure platforms and data analytics is a promising area that needs research on the prospect of the integration between ESG and taxing. The increased digitization and data-driven character of ESG reporting is an interesting issue to explore, as it is likely to improve tax reliability, transparency, and stakeholder communication.

## Conclusion

Incorporation of the ESG factors into the corporate tax risk management is a significant development in the corporate governance profile, as it serves as an indicator of more extensive changes in stakeholder capitalism and responsible business practice. This review shows that tax is becoming a significant ESG area on the agenda, and corporate tax practice has an impact on legitimacy, relations with stakeholders, and the creation of long-term value. Other conceptual frameworks, such as GRI 207, cooperative compliance programs, and integrated reporting, offer tax-integration approaches in a systematic manner. But empirical results depict some complexities, such as the ESG reporting-tax avoidance paradox, and also astonishingly different reactions of stakeholders to tax transparency. The issues associated with implementation such as the availability of data, mixed expectations, complexity of regulations, and organizational culture should be paid attention to. Best practice focuses on full disclosure of tax strategies, integrated tax risk models and actual stakeholder involvement. Companies that have been able to manage ESG-tax integration proves to have executives who exercise board supervision, disclosure that is transparent, and materiality between tax practices and corporate values. As concerns over the environment, social, and governance issues become more pivotal to both corporate strategy and investment decision making processes, successful incorporation of the elements of ESG into tax risk management will be a differentiator of the best organizations. This demands the way out of compliance-oriented practices into strategic frameworks to establish tax as part of corporate purpose, stakeholder relationships, and sustainable value production.

The conceptual framework emerging from this literature review emphasizes that ESG-tax integration is not merely additive overlaying ESG considerations onto existing tax practices but transformative, fundamentally reconceptualizing corporate tax strategy through stakeholder and sustainability lenses. Organizations embracing this transformation position themselves to navigate evolving expectations, manage emerging risks, and build legitimacy in an era of heightened scrutiny of corporate tax behavior.

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