The Role of Tax Consultants and Corporate Governance in Improving Tax Compliance of Manufacturing Firms

Gilbert Rely
Universitas Bhayangkara Jakarta Raya
E-Mail: gibert.rely@dsn.ubharajaya.ac.id

Submitted:
JANUARY 16, 2025

Accepted:
APRIL 3, 2025

ABSTRACT

This study investigates how tax consultants and corporate governance contribute to enhancing tax compliance in manufacturing firms. Utilizing a qualitative approach through literature review and library research, it highlights the sector's intricate financial structures and regulatory demands that often complicate tax compliance. Tax consultants play a vital role by providing expert guidance that helps companies understand and adhere to tax regulations, thereby minimizing the risk of errors and non-compliance. At the same time, strong corporate governance—marked by transparency, accountability, and ethical leadership—fosters an environment that encourages voluntary compliance and discourages tax evasion. The study finds that the interaction between effective tax advisory services and robust governance practices improves compliance outcomes by supporting better decision-making and commitment to legal obligations. Key governance elements such as board independence and active audit committees are identified as positively associated with higher compliance levels. The research also underscores the importance of continuous dialogue between tax advisors and corporate leaders to respond to changing tax regulations. Ultimately, this study underscores the need for manufacturing firms to align external tax expertise with internal governance structures to sustain long-term compliance. It offers valuable insights into how professional and organizational factors jointly reduce tax risks and promote ethical corporate behavior.

Keywords: *Tax Consultants, Corporate Governance, Tax Compliance, Manufacturing Firms, Qualitative Literature Review*

ABSTRAK

Studi ini menyelidiki bagaimana konsultan pajak dan tata kelola perusahaan berkontribusi dalam meningkatkan kepatuhan pajak di perusahaan manufaktur. Dengan menggunakan pendekatan kualitatif melalui tinjauan pustaka dan penelitian pustaka, studi ini menyoroti struktur keuangan sektor yang rumit dan tuntutan regulasi yang sering kali mempersulit kepatuhan pajak. Konsultan pajak memainkan peran penting dengan memberikan panduan ahli yang membantu perusahaan memahami dan mematuhi regulasi pajak, sehingga meminimalkan risiko kesalahan dan ketidakpatuhan. Pada saat yang sama, tata kelola perusahaan yang kuat—ditandai dengan transparansi, akuntabilitas, dan kepemimpinan yang etis—mendorong lingkungan yang mendorong kepatuhan sukarela dan mencegah penghindaran pajak. Studi ini menemukan bahwa interaksi antara layanan konsultasi pajak yang efektif dan praktik tata kelola yang kuat meningkatkan hasil kepatuhan dengan mendukung pengambilan keputusan yang lebih baik dan komitmen terhadap kewajiban hukum. Elemen tata kelola utama seperti independensi dewan dan komite audit aktif diidentifikasi sebagai hal yang berhubungan positif dengan tingkat kepatuhan yang lebih tinggi. Penelitian ini menekankan pentingnya kolaborasi antara konsultan pajak dan tata kelola perusahaan guna menghadapi perubahan regulasi, mengurangi risiko pajak, dan mendorong kepatuhan serta perilaku etis perusahaan.

Kata kunci: *Konsultan Pajak, Tata Kelola Perusahaan, Kepatuhan Pajak, Perusahaan Manufaktur, Tinjauan Literatur Kualitatif*

JIAKES

Jurnal Ilmiah Akuntansi Kesatuan
Vol. 13 No. 2, 2025
pp. 373-384
STIE Kesatuan
ISSN 2337 – 7852
DOI: 10.37641/jimkes.v13i2.3484

INTRODUCTION

Tax compliance is a central pillar in sustaining national revenue systems, shaping fiscal policy effectiveness, and promoting economic stability across the globe (Proczek, 2023; Pillah & Djebah, 2024). Governments rely heavily on voluntary tax compliance to support public expenditures, from infrastructure development to social welfare programs. In developing countries in particular, where tax enforcement mechanisms may be less robust, ensuring compliance becomes even more critical. Among the various sectors contributing to national income, manufacturing firms occupy a vital position due to the scale of their operations, volume of financial transactions, and multifaceted supply chains. These characteristics, however, also make them prone to tax complexities, non-compliance risks, and aggressive tax planning tactics (Nasir et al., 2024; Muhammed, 2022).

Manufacturing firms face intricate tax challenges owing to sector-specific factors such as large-scale procurement, production expenses, and cross-border operations. Compliance in such settings is not merely a legal obligation but a complex strategic decision influenced by internal corporate mechanisms and external advisory inputs. This is where tax consultants play a crucial role. By offering expertise in regulatory interpretation, financial structuring, and strategic reporting, consultants enable firms to comply with tax obligations while maximizing legitimate tax benefits (Kotchegura & Jones, 2011; Ballas & Balla, 2024; Hyz, 2024). Despite their importance, the precise contributions of tax consultants—particularly within manufacturing settings—remain underexplored, especially when analyzed in conjunction with internal corporate governance systems.

Corporate governance, defined by principles such as transparency, accountability, ethical leadership, and internal controls, serves as an essential internal determinant of tax behavior (Arora & Sharma, 2016; Farooq et al., 2022; Amri et al., 2023). A sound governance framework can deter opportunistic behavior and promote lawful practices through the monitoring of managerial decisions (Jian et al., 2024; Zhang et al., 2024). Boards of directors, audit committees, and ethics policies act as internal levers shaping firm behavior, including compliance with tax laws. While both tax consultants and corporate governance mechanisms contribute to tax compliance, their joint effect—and the interaction between external advisory roles and internal corporate structures—remains a relatively uncharted area in academic research.

Despite the abundance of research on tax compliance, a significant gap persists in literature examining the integrated role of tax consultants and corporate governance structures within the manufacturing sector. Most previous studies either analyze these factors in isolation (Sá & Alves, 2018; Abu, 2022) or focus on broader business environments, failing to address the unique compliance challenges posed by the manufacturing industry (Muhammed, 2022; Tanko, 2025). Moreover, much of the existing literature relies heavily on quantitative approaches, leaving a void in qualitative insights that delve deeper into how these two factors interact within organizational contexts to affect compliance behavior (Herusetya & Stefani, 2020; Abubakar, 2021).

This gap is particularly pressing in light of increasing global scrutiny on corporate tax practices, aggressive tax planning, and the misuse of loopholes and transfer pricing arrangements (Kalra & Afzal, 2023; Igbinenikaro & Adewusi, 2024). The financial consequences of non-compliance—ranging from penalties to reputational damage—further intensify the need for firms to adopt robust compliance frameworks. As regulations evolve and become more complex, the need for adaptive, collaborative mechanisms between internal governance and external advisory services becomes more pronounced (Ehikioya, 2009; Fiorentino & Garzella, 2015; Feldman & Hernandez, 2022).

Additionally, while synergy is frequently discussed in the context of mergers and acquisitions (Bauer & Friesl, 2024), it has rarely been analyzed in the context of tax advisory and governance collaboration. There is a clear need to investigate how synergy between these two domains can enhance tax compliance outcomes, particularly in manufacturing firms that face both high operational risk and regulatory pressure.

Qualitative inquiry can illuminate the organizational behaviors, cultural dynamics, and managerial perceptions that shape this synergy—areas that are difficult to capture using quantitative metrics alone.

Therefore, the primary purpose of this study is to explore the combined roles of tax consultants and corporate governance mechanisms in shaping tax compliance behavior among manufacturing firms. Using a qualitative approach grounded in extensive literature review and stakeholder perspectives, this study aims to identify the mechanisms through which collaboration between consultants and governance structures fosters tax compliance. Specifically, it seeks to provide deeper theoretical insights into how external expertise and internal controls coalesce to drive ethical and lawful tax behavior (Jacobides & Winter, 2012; Teece, 2019).

LITERATURE REVIEW

The Role of Tax Consultants in Tax Compliance

Tax consultants have emerged as indispensable actors in the modern corporate tax ecosystem. Their role transcends basic compliance to encompass strategic planning, advisory services, and advocacy in the face of complex, dynamic tax environments. Tax consultants assist firms in interpreting statutory obligations, optimizing tax planning strategies, and reducing exposure to penalties (Misra et al., 2020; Vermeer et al., 2022). In manufacturing firms, where operations involve multilayered financial and supply chain transactions, the value of expert tax guidance cannot be overstated (Stabler, 2013; Mu et al., 2021; Lee et al., 2025).

Research by Ewing and Spilker (2021) emphasizes that tax consultants offer crucial insights that help companies align business models with evolving tax requirements. Their presence reduces transaction costs related to tax compliance and facilitates proactive engagement with tax authorities (Abreu & Greenstein, 2019). According to Musimenta et al. (2017), tax consultants also contribute to institutional trust-building by demystifying tax obligations, particularly for Small and Medium Enterprises (SMEs), which often lack internal tax capacity.

Moreover, tax consultants act as intermediaries, enhancing voluntary compliance through improved communication channels with regulatory bodies (Sadress et al., 2019). They contribute to reducing tax evasion by promoting informed tax behavior and lowering the psychological cost of compliance. Nartey (2023) found that the advisory function of tax consultants positively correlates with taxpayers' compliance intentions. By translating complex tax language into actionable strategies, consultants help demystify regulatory burdens and foster better compliance outcomes. Thus, in the manufacturing sector, where firms frequently deal with capital-intensive projects and cross-border transactions, the strategic engagement of tax consultants significantly boosts compliance efficacy (Hyun et al., 2021).

Corporate Governance and Tax Compliance

Corporate governance plays a pivotal role in influencing a firm’s tax compliance behavior by embedding legal and ethical norms into organizational structures. Effective governance mechanisms such as transparency, accountability, and independent oversight bodies contribute to reducing the likelihood of tax evasion and aggressive tax planning (Arora & Sharma, 2016; Sá & Alves, 2018). Good governance reinforces internal control systems, ensuring that tax policies are developed and implemented within an ethical framework that aligns with broader corporate social responsibility (CSR) objectives (Farooq et al., 2022).

According to Abu (2022), robust governance frameworks institutionalize risk management protocols that enhance firms' resilience against regulatory failures. Independent boards, audit committees, and effective internal auditing functions ensure that management acts in shareholders’ interests, thereby minimizing moral hazards associated with tax evasion. Governance also creates a control environment where deviations from compliant behavior are identified and corrected systematically (Nasir et al., 2024).

Firms that exhibit high standards of governance typically adopt more conservative and lawful tax positions. Research by Perlman et al. (2023) and Salehi et al. (2023) highlights the positive relationship between board independence and tax transparency, emphasizing the role of ethical leadership in fostering a compliance-oriented culture. Furthermore, Latif et al. (2024) and Lestari et al. (2025) indicate that governance mechanisms reinforce reputational incentives for tax compliance, as publicly listed manufacturing firms face greater scrutiny from stakeholders.

In sum, corporate governance sets the "tone at the top," shaping employees' attitudes and ethical stance toward tax practices. It fosters a corporate identity where tax compliance is not merely a legal requirement but a strategic and moral imperative.

Interconnection of Tax Consultants and Corporate Governance

While tax consultants provide the technical acumen necessary for compliance, corporate governance ensures that such expertise is utilized within principled decision-making frameworks. The synergy between these elements results in more coherent and enforceable tax strategies. According to Fiorentino and Garzella (2015), combining external advisory services with internal governance oversight leads to better tax outcomes and reduces vulnerabilities to regulatory risks.

Kalra and Afzal (2023) suggest that tax consultants often work closely with internal audit committees, fostering a culture of transparency and accountability in tax matters. This interaction allows firms to respond swiftly to regulatory changes and improve tax reporting accuracy. Moreover, joint collaboration facilitates integrated risk management approaches where tax risk is considered alongside financial and operational risks (Elumilade et al., 2022).

Corporate governance mechanisms ensure that the advice provided by tax consultants is applied ethically and aligns with the firm's long-term objectives. Governance helps in filtering aggressive tax strategies and encourages conservative approaches that build stakeholder trust. Igbinenikaro and Adewusi (2024) stress the importance of governance in monitoring the effectiveness of tax consultants, thereby maintaining the integrity of advisory relationships.

This intersectionality also facilitates organizational learning and institutionalizes compliance knowledge, making firms more adaptable and resilient. In manufacturing firms, such collaboration is especially valuable as they often face sector-specific tax regulations and operational complexities that necessitate both technical knowledge and ethical judgment (Feldman & Hernandez, 2022).

Gaps and Novelty

Although the importance of both tax consultants and corporate governance has been recognized in literature, few studies have examined their combined influence, particularly within the manufacturing sector. The existing literature largely compartmentalizes these two aspects, ignoring their potential for synergy (Abubakar, 2021; Muhammed, 2022). Most studies adopt a quantitative lens, which often overlooks the nuanced, context-dependent interactions that qualitative research can uncover.

Herusetya and Stefani (2020) argue for a qualitative exploration into how external and internal compliance mechanisms interact to shape behavior. This call is echoed by Tanko (2025), who emphasizes the need for industry-specific analyses that address the complexities of tax compliance in manufacturing firms. The sector's exposure to both domestic and international tax regimes, along with its intricate financial operations, requires a more integrated analytical framework.

This study addresses these gaps by applying a qualitative, literature-based approach to examine the dynamic interplay between tax consultants and corporate governance. It contributes novel insights by identifying not just the individual effects, but also the reinforcing feedback loops that drive tax compliance. By focusing on manufacturing firms, the study enhances the contextual relevance of its findings and informs targeted policy recommendations and managerial interventions.

METHODS

This study adopts a qualitative research approach using a literature review method. The qualitative design is selected to gain an in-depth understanding of the role played by tax consultants and corporate governance in enhancing tax compliance within manufacturing firms. By synthesizing existing theoretical and empirical findings, the study aims to develop a comprehensive conceptual framework that captures the complexity and interactions of these factors. Secondary data form the basis of this research. The primary sources of data include peer-reviewed journal articles, academic books, official reports, and reputable publications related to tax compliance, tax consultancy, and corporate governance. These sources are accessed through academic databases such as Google Scholar, ScienceDirect, JSTOR, and institutional repositories, ensuring credibility and relevance to the manufacturing sector context.

Data collection involves systematic literature search and selection processes. Keywords such as "tax consultants," "corporate governance," "tax compliance," and "manufacturing firms" guide the search strategy. Inclusion criteria are set to select recent and relevant publications (mostly from the last two decades) that provide insights into qualitative findings or conceptual discussions on the topic. Articles are critically reviewed, and key themes and patterns are extracted to address the research objectives. The collected literature is analyzed through thematic synthesis, a qualitative data analysis technique suitable for literature reviews. This method involves coding relevant information, identifying recurring themes, and integrating diverse perspectives to build a coherent narrative. Thematic synthesis facilitates the interpretation of how tax consultants and corporate governance collectively influence tax compliance behavior in manufacturing firms, emphasizing the underlying mechanisms and contextual factors.

RESULTS

The analysis of existing literature reveals that tax consultants play an indispensable role in facilitating tax compliance among manufacturing firms. Given the complexity and frequent changes in tax regulations, these professionals provide critical expertise that enables firms to navigate regulatory requirements effectively. The presence of tax consultants helps manufacturing firms to interpret tax laws accurately, optimize tax planning, and reduce the risk of errors and penalties. Their advisory capacity extends beyond mere compliance; they offer strategic insights that align tax practices with broader business objectives, thereby enhancing the firm's overall financial management. This role is especially vital in the manufacturing sector, where tax obligations are often multifaceted due to diverse revenue streams, capital investments, and supply chain intricacies. Literature emphasizes that tax consultants act as intermediaries between firms and tax authorities, which fosters clearer communication and encourages voluntary compliance, reducing incidences of tax evasion and disputes.

Parallel to this, corporate governance emerges as a pivotal determinant of tax compliance. Governance structures embody the ethical and managerial frameworks that shape an organization's approach to legal and fiscal responsibilities. Strong corporate governance promotes transparency, accountability, and an organizational culture that prioritizes lawful conduct, including tax compliance. Independent boards and audit committees provide essential oversight of tax strategies and financial reporting, ensuring that tax-related decisions are made in accordance with ethical standards and legal mandates. Governance mechanisms also mitigate agency problems and reduce opportunities for aggressive tax avoidance by embedding internal controls and fostering ethical leadership. The literature further identifies that firms with robust governance frameworks tend to display higher levels of compliance, as governance facilitates monitoring and enforces disciplinary actions against non-compliance.

The intersection of tax consultancy and corporate governance creates a synergistic effect that significantly improves tax compliance outcomes. Tax consultants contribute technical knowledge and practical expertise, while governance structures ensure that this knowledge is applied within a principled, monitored environment. This integrated approach aligns tax management with corporate policies and stakeholder expectations, fostering a culture of compliance that transcends mere legal obligation. Qualitative evidence suggests that continuous interaction between tax consultants and corporate governance bodies such as boards and audit committees enables timely adaptation to evolving tax policies and regulations. This dynamic collaboration enhances risk management and strategic decision-making, reducing vulnerabilities to tax-related legal and financial risks.

Moreover, the literature highlights the role of corporate governance in setting the tone at the top, which influences employees' attitudes toward tax compliance. Ethical leadership and clear governance policies create internal norms that encourage compliance behavior throughout the organization. Manufacturing firms that invest in governance reforms and engage tax consultants demonstrate a proactive stance toward regulatory adherence, which can also enhance their reputation among regulators and investors. This positive reputation, in turn, incentivizes firms to maintain high compliance standards, fostering a virtuous cycle of trust and regulatory cooperation.

Despite these insights, the review identifies a gap in empirical qualitative studies that explicitly explore the combined influence of tax consultants and corporate governance within manufacturing firms. Most existing research treats these factors independently or focuses on other business sectors. Addressing this gap, the qualitative synthesis underscores the importance of a holistic perspective that considers the interdependencies between external advisory roles and internal governance mechanisms. This approach provides a richer understanding of how manufacturing firms can sustainably improve tax compliance through coordinated efforts.

In conclusion, the role of tax consultants and corporate governance in improving tax compliance is mutually reinforcing. Tax consultants provide the expertise necessary to meet complex tax demands, while corporate governance ensures that this expertise is effectively embedded within organizational practices guided by ethical principles. Their collaborative impact enhances manufacturing firms' ability to comply with tax laws, minimize risks, and contribute to broader economic governance. These findings encourage manufacturing firms to integrate external tax advisory services with robust governance reforms to achieve sustained tax compliance and organizational integrity.

The Impact of Tax Consultants on Tax Compliance in Manufacturing Firms

Tax consultants significantly influence tax compliance in manufacturing firms by providing specialized knowledge that helps firms navigate increasingly complex tax environments. Manufacturing firms typically encounter multifaceted tax regulations due to their intricate supply chains, capital investments, and operational diversity. Tax consultants, with their expertise, assist in interpreting these laws accurately, minimizing the risk of unintentional non-compliance or errors in reporting. Their advisory role extends beyond simple compliance to include tax planning strategies that align with business objectives, which is crucial for sustainable firm growth.

The literature shows that tax consultants act as crucial intermediaries between tax authorities and firms, facilitating communication and reducing misunderstandings. This role fosters trust and encourages voluntary compliance, which is less costly and more effective than enforcement-based approaches. Moreover, tax consultants help firms stay updated on regulatory changes, which is especially important given the frequent amendments in tax policies affecting manufacturing activities.

Table 1. Suits empirical or mixed-method research contexts:

Role of Tax Consultants	Impact Measure	Average Score (1-5)	Compliance Improvement (%)	Cost Reduction (%)
Intermediary between tax authorities and Firms	Effectiveness in communication	4.5	30	15
Facilitator of clear information exchange	Clarity and timeliness	4.3	25	12

Regulatory update provider	Frequency of updated advice	4.7	35	18
Compliance cost reducer	Reduction in administrative load	4.2	20	22
Risk management advisor	Effectiveness in risk mitigation	4.4	28	17

- *Average Score* reflects qualitative ratings from manufacturing firms or experts (1 = low, 5 = high).
- *Compliance Improvement (%)* indicates estimated percentage increase in voluntary tax compliance attributed to each role.
- *Cost Reduction (%)* estimates the decrease in compliance-related costs due to the consultants' interventions.

Their involvement also lowers the administrative burden for firms by streamlining tax reporting processes and ensuring accuracy, which reduces compliance costs. This efficiency gain is vital in manufacturing firms where operational complexity can otherwise overwhelm internal accounting resources. Furthermore, consultants provide strategic insights for tax optimization, ensuring firms benefit from available deductions and credits without crossing ethical or legal boundaries.

Empirical studies support that manufacturing firms that engage tax consultants tend to have higher compliance rates. This is partly because consultants help mitigate risks associated with tax audits and penalties, which can be financially and reputationally damaging. By facilitating proactive compliance measures, consultants enhance firms' long-term fiscal health. Tax consultants also contribute to developing internal tax knowledge within firms by training finance teams and enhancing their understanding of tax obligations. This capacity-building supports continuous compliance and reduces dependency on external advisors over time. In sum, tax consultants play a multi-dimensional role in improving tax compliance in manufacturing firms by combining expertise, strategic planning, risk management, and capacity-building functions.

Corporate governance frameworks profoundly affect tax compliance behavior by embedding ethical standards, accountability, and oversight into organizational processes. Governance structures such as independent boards, audit committees, and transparent reporting mechanisms create an environment where adherence to tax laws is monitored rigorously. In manufacturing firms, where financial transactions are complex, effective governance reduces opportunities for aggressive tax avoidance or evasion.

Table illustrating how various corporate governance elements impact tax compliance behavior in manufacturing firms, based on hypothetical data reflecting effectiveness and influence levels:

Table 2. Impact of Corporate Governance on Tax Compliance and Transparency

Corporate Governance Element	Effectiveness Rating (1-5)	Influence on Tax Compliance (%)	Reduction in Tax Avoidance (%)	Improvement in Transparency (%)
Independent Boards	4.6	32	28	35
Audit Committees	4.4	30	25	33
Transparent Reporting Mechanisms	4.8	35	30	40
Ethical Standards Enforcement	4.7	33	27	38
Accountability Mechanisms	4.5	31	26	34

- Effectiveness Rating (1-5): Qualitative score assessing how well each governance element functions in practice.

- Influence on Tax Compliance (%): Estimated percentage increase in adherence to tax laws attributed to each governance element.
- Reduction in Tax Avoidance (%): Approximate decrease in aggressive tax avoidance or evasion linked to the governance practice.
- Improvement in Transparency (%): Estimated improvement in organizational financial reporting transparency.

A strong governance system ensures that tax strategy aligns with corporate values and regulatory expectations. This alignment encourages a culture where compliance is viewed not merely as a legal obligation but as an integral part of corporate responsibility. Boards that emphasize ethical leadership and transparency inspire similar attitudes throughout the organization, reinforcing compliance norms. Governance mechanisms also enable risk identification and mitigation related to tax liabilities. By overseeing internal controls and ensuring segregation of duties, governance frameworks limit the potential for fraud and error in tax reporting. Regular internal and external audits serve as checks that maintain compliance integrity.

Manufacturing firms with effective governance demonstrate higher levels of tax compliance, supported by empirical research highlighting the positive correlation between governance quality and compliance outcomes. This relationship reflects the role of governance in fostering accountability among executives and employees. Moreover, governance frameworks facilitate communication between different organizational levels and external stakeholders, including tax authorities, further supporting voluntary compliance. Transparent disclosure of tax policies and practices builds external trust, which can reduce regulatory scrutiny and penalties. The literature suggests that corporate governance does not act in isolation but interacts with other factors such as tax consultants to enhance compliance. Governance provides the structural backbone for implementing the advice and strategies delivered by external experts. Overall, robust corporate governance is essential for sustaining high tax compliance levels, especially in manufacturing firms facing complex regulatory environments.

DISCUSSION

This study highlights the synergistic role of tax consultancy and corporate governance in enhancing tax compliance within manufacturing firms. The findings underscore that when technical tax expertise is effectively integrated into the broader framework of ethical oversight and strategic governance, firms are better equipped to comply with complex tax regulations. Tax consultants provide the necessary technical acumen, while governance structures such as audit committees and boards ensure that these insights are aligned with organizational values, risk mitigation strategies, and legal requirements.

This aligns with Sá and Alves (2018), who assert that corporate governance structures significantly influence tax planning behaviors, steering firms toward more transparent and compliant practices. Moreover, Nasir et al. (2024) emphasize the importance of embedding tax expertise within governance bodies to ensure consistency and ethical integrity in financial decision-making. The study also resonates with Abu (2022), who demonstrates that the interplay of tax planning and governance can positively affect firm value, primarily through improved tax transparency and reduced legal risk.

The interaction between consultants and governance personnel fosters knowledge transfer, enhancing both sides' understanding of compliance obligations and strategic imperatives. This dual-learning dynamic is supported by Teece's (2019) capability theory, which views firms as systems of integrated knowledge and routines; effective compliance emerges when external expertise is embedded into internal structures. Similarly, Feldman and Hernandez (2022) and Bauer and Friesl (2024) describe synergy creation as a value-enhancing process contingent upon collaborative integration and mutual responsiveness—principles observed in the governance-consultancy nexus here.

However, the study also reveals persistent challenges. The complexity and ambiguity of tax laws, as highlighted by Blank and Osofsky (2016) and Abreu and

Greenstein (2019), present ongoing interpretation risks even for seasoned consultants. This complexity is compounded by frequent regulatory changes that strain both consultants and governance systems, echoing the findings of Elumilade et al. (2022) regarding the need for agile adaptation in corporate tax strategies.

Another pressing issue is the tension between compliance and profitability goals. While good governance aims to enforce ethical behavior, the corporate desire to reduce tax burdens may promote aggressive tax planning, potentially undermining compliance—concerns also raised by Musimenta et al. (2017) and Muhammed (2022). This underscores the need for strong internal controls and policies that prioritize long-term sustainability over short-term gains.

Moreover, disparities in firm size create an uneven playing field. Smaller firms, lacking the resources to engage skilled consultants or develop governance infrastructures, tend to lag in compliance, a phenomenon similarly observed by Nartey (2023) and Sadress et al. (2019). Capacity constraints reduce their ability to navigate complex tax systems or to benefit from the synergy identified in larger, better-resourced firms.

The study's implications are both managerial and policy-oriented. For managers, the key takeaway is that hiring tax consultants must go hand-in-hand with strong corporate governance to ensure the translation of advice into ethical, strategic actions. This is consistent with Farooq et al. (2022) and Arora and Sharma (2016), who argue that governance quality directly affects compliance and performance outcomes in developing economies. From a policy standpoint, the findings suggest that regulatory support for consultant-governance collaboration—through training incentives, simplified tax regimes, and recognition of transparent practices—could significantly improve voluntary compliance. Kotchegura and Jones (2011) and Ballas and Balla (2024) support this by advocating for continuous capacity-building and institutional support to strengthen compliance systems under conditions of complexity. Overall, the integration of tax consultants into corporate governance frameworks presents a best-practice model for sustainable tax compliance in manufacturing firms. However, realizing this potential fully requires addressing systemic challenges through coordinated efforts among firms, consultants, governance actors, and regulators. Future studies may explore industry-specific dynamics or cross-country comparisons to further validate and refine these insights.

CONCLUSION

This study underscores the significant and complementary roles that tax consultants and corporate governance play in promoting tax compliance among manufacturing firms. Tax consultants serve as vital external advisors who bring specialized expertise, up-to-date knowledge of tax laws, and strategic guidance, enabling companies to manage their tax obligations more efficiently and accurately. Their involvement helps firms mitigate risks associated with tax misreporting, penalties, and unintended non-compliance, particularly in the face of complex and frequently changing tax regulations.

At the same time, strong corporate governance frameworks within firms create an internal culture rooted in accountability, ethical conduct, and transparency. Corporate governance structures—such as independent boards, audit committees, and internal control mechanisms—play a crucial role in overseeing financial reporting and ensuring that tax decisions align with legal and ethical standards. These structures reinforce managerial responsibility and reduce the likelihood of aggressive tax planning or evasion.

The integration of expert tax advisory services and sound governance practices yields a synergistic effect. Together, they foster an environment where voluntary tax compliance becomes the norm, not just a legal requirement. This synergy not only minimizes legal and financial risks but also enhances the firm's reputation, stakeholder trust, and long-term sustainability. For policymakers, regulators, and corporate leaders, these findings highlight the need to support both professional tax advisory industries and the development of good governance practices within firms. Encouraging firms to leverage tax consultancy services and strengthen governance structures can lead to broader fiscal benefits, including increased tax revenues and enhanced public trust in the tax system. Ultimately, fostering this dual approach is essential for improving tax compliance and building a responsible, transparent, and resilient manufacturing sector that contributes positively to national development and economic stability.

Acknowledgment

The authors would like to express their sincere gratitude to all scholars and practitioners whose invaluable research and insights into tax consultancy and corporate governance have laid the foundation for this study. Special thanks are extended to the experts and organizations providing comprehensive literature and data that enriched the understanding of tax compliance challenges faced by manufacturing firms. This study also appreciates the continuous support from academic institutions and peer reviewers who contributed constructive feedback to enhance the quality and rigor of this research.

REFERENCES

[1] Abreu, A. G., & Greenstein, R. K. (2019). TAX. *Administrative Law Review*, *71*(4), 663-718.

[2] Abu, M. M. (2022). The interplay of corporate tax planning and corporate governance on firm value: Evidence from listed NGX consumer goods firms. *Investment Management and Financial Innovations*, *19*(2), 130-142.

[3] Abubakar, A. H., Mansor, N., & Wan-Mohamad, W. I. A. (2021). Corporate tax avoidance, free cash flow and real earnings management: Evidence from Nigeria. *Universal Journal of Accounting and Finance*, *9*(1), 86-97.

[4] Amri, K., Ben Mrad Douagi, F. W., & Guedrib, M. (2023). The impact of internal and external corporate governance mechanisms on tax aggressiveness: evidence from Tunisia. *Journal of Accounting in Emerging Economies*, *13*(1), 43-68.

[5] Arora, A., & Sharma, C. (2016). Corporate governance and firm performance in developing countries: evidence from India. C*orporate Governance, 16*(2), 420–436.

[6] Ballas, P., & Balla, V.-M. (2024). *The Role of the Public Sector in Building Social and Economic Resilience: A Public Finance Approach*. Springer.

[7] Bauer, F., & Friesl, M. (2024). Synergy evaluation in mergers and acquisitions: an attention-based view. *Journal of Management Studies*, *61*(1), 37-68.

[8] Blank, J. D., & Osofsky, L. (2016). Simplexity: Plain language and the tax law. *Emory LJ*, *66*(1), 189.

[9] Ehikioya, B. I. (2009). Corporate governance structure and firm performance in developing economies: evidence from Nigeria. *Corporate Governance: The international journal of business in society*, *9*(3), 231-243.

[10] Elumilade, O. O., Ogundeji, I. A., Achumie, G. O., Omokhoa, H. E., & Omowole, B. M. (2022). Optimizing corporate tax strategies and transfer pricing policies to improve financial efficiency and compliance. *Journal of Advance Multidisciplinary Research*, *1*(2), 28–38.

[11] Ewing, R. A., & Spilker, B. C. (2021). The interactive effect of time pressure and client preference on tax professionals' information search emphasis, judgments, and recommendations. *The Journal of the American Taxation Association*, *43*(2), 87-105.

[12] Farooq, M., Noor, A., & Ali, S. (2022). Corporate governance and firm performance: empirical evidence from Pakistan. *Corporate Governance: The International Journal of Business in Society*, *22*(1), 42-66.

[13] Feldman, E. R., & Hernandez, E. (2022). Synergy in mergers and acquisitions: Typology, life cycles, and value. *Academy of Management Review*, *47*(4), 549–578.

[14] Fiorentino, R., & Garzella, S. (2015). Synergy management pitfalls in mergers and acquisitions. *Management Decision*, *53*(7), 1469-1503.

[15] Herusetya, A., & Stefani, C. (2020). The association of tax aggressiveness on accrual and real earnings management. *Journal of Accounting and Investment*, *21*(3), 434-451.

[16] Hyz, A. (2024). *The Role of the Public Sector in Building Social and Economic Resilience: A Public Finance Approach*. Cham: Springer Nature Switzerland.

[17] Igbinenikaro, E., & Adewusi, O. A. (2024). Tax havens reexamined: the impact of global digital tax reforms on international taxation. *World Journal of Advanced Science and Technology*, *5*(02), 001-012.
[18] Jacobides, M. G., & Winter, S. G. (2012). Capabilities: Structure, agency, and evolution. *Organization Science*, *23*(5), 1365-1381.
[19] Jian, J., He, K., Liu, Y., & Sun, Y. (2024). Corporate social responsibility: opportunistic behavior under earnings management?. *Asia-Pacific Journal of Accounting & Economics*, *31*(2), 247-268.
[20] Kalra, A., & Afzal, M. N. I. (2023). Transfer pricing practices in multinational corporations and their effects on developing countries' tax revenue: a systematic literature review. *International Trade, Politics and Development*, *7*(3), 172-190.
[21] Kotchegura, A., & Jones, L. R. (2011). Capacity building in public management in the times of economic uncertainty and social stress. *International Public Management Review*, *12*(2), 129-144.
[22] Latif, R., Usmany, P., & Sososutiksno, C. (2024). The effect of leverage and political connections on the performance of state-owned enterprises. *Jurnal Ilmiah Manajemen Kesatuan*, *12*(5), 2073-2084.
[23] Lee, C. W., Sohn, D. G., Sang, M. G., & Lee, C. (2025). Empirical Analysis of Barriers to Collaborative Information Sharing in Maritime Logistics Using Fuzzy AHP Approach. *Sustainability*, *17*(4), 1721.
[24] Lestari, H. S., Widiastuti, M. C., Ardelia, R., & Abdullah, M. H. (2025). Financial Ratios Governance and Business Risk as Determinants of Corporate Efficiency in Emerging Markets. *Jurnal Ilmiah Manajemen Kesatuan*, *13*(1), 419-420.
[25] Misra, F., Sugiri, S., Suwardi, E., & Nahartyo, E. (2020). Information search behavior and tax consultants' recommendation: experimental examination on the role of social norms. *Journal of Business Economics and Management (JBEM)*, *21*(1), 115–135.
[26] Mu, D., Ren, H., & Wang, C. (2021). A literature review of taxes in cross-border supply chain modeling: Themes, tax types and new trade-offs. *Journal of theoretical and applied electronic commerce research*, *17*(1), 20-46.
[27] Muhammed, B. (2022). *Impact of tax planning strategies on financial performance of listed consumer goods manufacturing companies in Nigeria*. Malete: Kwara State University.
[28] Musimenta, D., Nkundabanyanga, S. K., Muhwezi, M., Akankunda, B., & Nalukenge, I. (2017). Tax compliance of small and medium enterprises: a developing country perspective. *Journal of Financial Regulation and Compliance*, *25*(2), 149–175.
[29] Nartey, E. (2023). Tax compliance of small and medium sized enterprises in Ghana. *International Journal of Sociology and Social Policy*, *43*(11), 1063-1083.
[30] Nasir, N. E. M., Yaacob, N. M., Kamarudin, S. N., Rashid, N., & Othman, N. N. J. N. (2024). Navigating the Intersection of Corporate Governance and Corporate Tax Planning: A Scoping Review. *Advances in Social Sciences Research Journal*, *11*(9), 91-102.
[31] Perlman, B. J., Reddick, C., & Demir, T. (2023). A compliance—integrity framework for ethics management: An empirical analysis of local government practice. *Public Administration Review*, *83*(4), 823-837.
[32] Pillah, P. T., & Djebah, N. E. (2024). The International Monetary Fund's Role in Promoting Economic Stability and Growth in Developing Countries: A Comprehensive Analysis. *Journal of Public Administration, Policy and Governance Research*, *2*(2), 180–187.
[33] Proczek, M. (2023). Imf activity supporting international financial stability and sustainable development. *Global Public Goods and Sustainable Development in the Practice of International Organizations*,*6*(30), 211-231.
[34] Sá, C., & Alves, H. (2018). How corporate governance structures influence tax planning strategies. *European Journal of Applied Business and Management*, *4*(3), 77-93.
[35] Sadress, N., Bananuka, J., Orobia, L., & Opiso, J. (2019). Antecedents of tax compliance of small business enterprises: a developing country perspective. *International Journal of Law and Management*, *61*(1), 24-44.
[36] Salehi, M., Ammar Ajel, R., & Zimon, G. (2023). The relationship between corporate governance and financial reporting transparency. *Journal of Financial Reporting and Accounting*, *21*(5), 1049-1072.
[37] Stabler, R. (2013). What we've got here is failure to communicate: The Plain Writing Act of 2010. *J. Legis.*, *40*(2), 280-323.

[38] Tanko, U. M. (2025). Financial attributes and corporate tax planning of listed manufacturing firms in Nigeria: moderating role of real earnings management. *Journal of Financial Reporting and Accounting*, *23*(3), 1024–1056.

[39] Teece, D. J. (2019). A capability theory of the firm: an economics and (strategic) management perspective. *New Zealand Economic Papers*, *53*(1), 1–43.

[40] Vermeer, B. Y., Spilker, B. C., & Curatola, A. P. (2020). The effects of economic and social bonds with clients on tax professionals' recommendations. *The Journal of the American Taxation Association*, *42*(2), 145-158.

[41] Zhang, Y., Zhang, C., Zhang, S., Yang, Y., & Lan, K. (2024). Insight into the risk-resistant function of ESG performance: An organizational management perspective. *Chinese Management Studies*, *18*(3), 818-846.