

CPC 47, Brazilian Federal Revenue Service Monitoring, and Tax Avoidance among Companies Listed on B3

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Abstract

Objective: To examine the association between the adoption of CPC 47, which modified the recognition, measurement, and disclosure of revenue, and tax avoidance among companies listed on B3.

Method: Analysis of data from 471 companies covering the period from 2010 to 2023, using descriptive statistics, tests of differences in means, panel data regression, and regression discontinuity analysis.

Results: The implementation of CPC 47 was accompanied by a reduction in companies' effective tax burden. However, the heterogeneity analysis did not reveal significant differential effects in the sectors potentially most affected by the standard. Furthermore, there was no evidence that the standard's adoption contributed to reducing tax avoidance among companies subject to monitoring by the Brazilian Federal Revenue Service (RFB).

Contributions: This study contributes by showing that the adoption of CPC 47 was accompanied by a lower effective tax burden, without significant differential effects in the most exposed sectors. Furthermore, it indicates that RFB monitoring did not significantly mitigate tax avoidance after the standard's adoption. The implications of this study provide a basis for evaluating the effectiveness of accounting standards and tax policies in contexts of regulatory flexibility.

Keywords: CPC 47; Tax avoidance; Sectoral analysis; Special monitoring.

1 Introduction

The adoption of International Financial Reporting Standards (IFRS) has raised questions regarding the flexibility these standards offer in defining accounting practices, as their flexibility may allow for greater discretion in financial reporting, thereby influencing tax avoidance (Ahmed et al., 2013). Previous studies indicate that IFRS implementation is associated with an increase in accruals and, consequently, greater scope for earnings management (Braga, 2017). This raises concerns that, despite the IFRS objective of improving financial reporting quality, flexibility in accounting practices could facilitate strategies to reduce the effective tax burden (Damayanti, 2019).

The accounting and finance literature frequently examines the implications of these standards for tax avoidance practices, highlighting significant impacts on corporate tax strategies. For instance, Braga (2017) found that the mandatory adoption of IFRS is associated with a considerable reduction in corporate tax burdens, while Damayanti (2019) observed lower effective tax burdens among Southeast Asian companies following IFRS implementation and highlighted the substantial effect of these standards on tax management.

In this study, the term tax avoidance is used in a broad sense to refer to any transactions, arrangements, or conduct capable of reducing explicit taxes or the effective tax burden, without inherently implying either lawfulness or a potential conflict between such conduct and the tax authority's interpretation (Hanlon & Heitzman, 2010; Braga, 2017; Hasan et al., 2017).

Among the changes introduced by IFRS, CPC 47, the Brazilian accounting pronouncement corresponding to IFRS 15, stands out for establishing a new model for recognizing revenue from contracts with customers, modifying the timing of revenue recognition based on the fulfillment of contractual obligations (Aladwey & Diab, 2023). Companies began to apply this five-step model, which requires greater judgment and can influence their accounting and tax practices (Augusto & Souza, 2021; Souza et al., 2022).

The introduction of CPC 47 brought substantial changes to revenue recognition, increasing the scope for earnings management to obtain tax advantages (Rutledge et al., 2016). However, the magnitude of this impact varies across economic sectors, depending on their specific characteristics and the obligations introduced by CPC 47. In some sectors, the new recognition rules are more easily integrated or even suppressed, while others face more significant changes due to the greater complexity of the recognition steps (Rutledge et al., 2016; Kabir & Su, 2022). Flexibility in earnings management is particularly relevant in sectors with greater exposure to the new rules, where the scope for adjusting accounting practices may be greater.

Furthermore, the literature suggests that the adoption of strategies to reduce the effective tax burden by a prominent company can influence the behavior of other companies in the same sector (Armstrong et al., 2019). This means that, by intensifying such strategies, a company may encourage others in the industry to adopt similar practices, thus increasing overall tax avoidance. This phenomenon is especially relevant in the context of CPC 47, as companies can adjust their accounting and tax practices to align with the new guidelines and maximize their tax benefits.

Given this context, the present study sought to answer the following question: **What is the association between the adoption of CPC 47 and tax avoidance among companies listed on B3?** The objective was to determine whether tax avoidance differed before and after the adoption of the standard, whether the most exposed sectors showed a greater reduction in the effective tax burden, and whether companies monitored by the Brazilian Federal Revenue Service (RFB) changed their levels of tax avoidance after the standard's adoption. To this end, data from 471 companies covering the period from 2010 to 2023 were analyzed using descriptive statistics, tests of differences in means, pooled Tobit regressions applied to the firm-year panel, and regression discontinuity analysis.

This study, therefore, seeks to provide a detailed and integrated analysis of the relationship between changes in accounting standards and their tax effects. This understanding is essential both for regulators, who need to assess whether regulatory changes have achieved the desired effects, and for tax authorities, which seek to understand how changes in accounting standards affect tax compliance and practices (Almunia & Lopez-Rodriguez, 2018). Although previous studies have investigated the tendency of companies to manage earnings when accounting standards allow flexibility (Kałdoński & Jewartowski, 2020; Damayanti, 2019), there is a significant gap in research on how the adoption of CPC 47 specifically affects tax avoidance among companies listed on B3 and how its influence on tax behavior varies across sectors.

The study contributes by analyzing the tax effects of CPC 47 in Brazil and the influence of economic sectors and RFB monitoring on tax avoidance. For users of accounting information, it provides a clearer understanding of tax dynamics following the adoption of the standard; for public administrators and tax authorities, it supports the assessment of the effectiveness of tax policies and the adjustment of tax enforcement strategies; for investors and managers, it offers insights into the effects of accounting changes on tax practices and risk management. The study is also relevant for developing countries, as it demonstrates how the flexibility of accounting standards can be managed to promote transparency and fiscal equity (Carrillo et al., 2017).

2 Literature Review

2.1 Effects of CPC 47 adoption and the influence of the most exposed sectors on tax avoidance

The development of IFRS aimed to promote greater transparency and international comparability (Braga, 2017); however, as these standards are based on general principles, their adoption expands the scope for discretion in accounting decisions (Ahmed et al., 2013). This discretion can encourage companies to intensify strategies to reduce the effective tax burden, as evidenced by studies on the topic (Kałdoński & Jewartowski, 2020; Damayanti, 2019).

In Brazil, international standards were partially adopted in 2008 and fully adopted in 2010. On January 1, 2018, CPC 47—equivalent to IFRS 15—came into effect, replacing CPC 17 and CPC 30 to consolidate revenue recognition requirements and enhance the international comparability of financial statements (Augusto & Souza, 2021; Aladwey & Diab, 2023).

CPC 47 brought significant changes to the dynamics of revenue recognition, introducing a five-step model that requires greater judgment from entities and can create a favorable environment for earnings management to achieve tax savings or defer taxes (Souza et al., 2022; Rutledge et al., 2016). The new standard requires a thorough analysis of existing contracts (Aladwey & Diab, 2023), based on the five-step model illustrated in Figure 1.



Figure 1. Five-step model introduced by CPC 47.

Source: Prepared by the authors based on CPC 47 (CPC, 2016) and Aladwey and Diab (2023).

From a tax law perspective, Law No. 12,973/2014 and RFB Normative Instruction No. 1,700/2017 (Article 26) establish that the changes introduced by CPC 47 in revenue recognition for accounting purposes should not alter the IRPJ and CSLL tax bases (Charneski, 2018). However, neutrality is a feature of the legal framework rather than of the behavior of economic agents.

CPC 47 introduced flexibility in revenue recognition (the timing of contract recognition, the identification and separation of performance obligations, and the allocation of the transaction price) that creates scope for discretionary choices within legal limits. Rational and maximizing economic agents make use of the flexibility afforded by standards (Allingham & Sandmo, 1972). Accounting discretion can generate indirect tax effects through recognition choices that affect the basis or timing of income recognition. The empirical question investigated is, therefore, not whether the standard is neutral, but whether, despite regulatory neutrality, the agents' behavior produced observable tax effects.

Studies by the International Accounting Standards Board (IASB) indicate that the change in the revenue recognition standard resulted in a significant increase in reported revenue, without a corresponding increase in the cost of goods and services sold, suggesting that managers may be manipulating revenue in response to the new rules (IASB, 2023). As revenue is a crucial element in determining earnings and tax obligations, any change in its measurement directly affects other accounting elements. The hypothesis is based on the greater discretion introduced by CPC 47, which allows companies to use earnings management practices to reduce their tax expenses and meet or exceed their profit targets (Souza et al., 2022; Kałdoński & Jewartowski, 2020). Therefore, we sought to test the following hypothesis:

H1. The adoption of CPC 47 increased tax avoidance among companies listed on B3.

Accounting changes affect sectors differently, especially those with more complex revenue recognition requirements (Rutledge et al., 2016). Kabir and Su (2022) expected IFRS 15 to bring about significant changes in sectors with long-term contracts and multiple performance obligations, such as telecommunications and the supply of goods and services, suggesting that the sector influences the potential for reducing the effective tax burden, depending on its exposure to regulatory changes (Rutledge et al., 2016).

This hypothesis is supported by the accounting and finance literature, which suggests that the adoption of CPC 47 provided greater scope for earnings management, especially in sectors most affected by regulatory changes (Souza et al., 2022; Augusto & Souza, 2021). It is expected that companies in the most affected sectors will use this flexibility to reduce their tax burden and adopt strategies that increase tax avoidance (Kałdoński & Jewartowski, 2020; Rutledge et al., 2016). Therefore, the following hypothesis is formulated:

H2. The sectors most exposed to CPC 47 increased tax avoidance among companies listed on B3.

2.2 Corporate tax behavior under greater scrutiny

Tax planning strategies can lead to disputes with the tax authority, reputational damage, and tax penalties (Kubick et al., 2015). To mitigate these consequences, companies adjust their practices in line with the tax authority's perspective and seek to minimize the repercussions of monitoring (Wang et al., 2022). Antinozzi and Stanley (2024) observe that, under closer monitoring, taxpayers tend to maintain higher effective tax burdens and take fewer tax risks.

As tax authorities do not fully monitor all companies and transactions, some companies may report reduced tax bases (Almunia & Lopez-Rodriguez, 2018). Jiménez-Angueira (2018) explains that changes in tax monitoring can lead managers to focus more on managing tax obligations and the risks associated with tax strategies, thus reducing opportunities to use tax avoidance to meet short-term profitability goals.

Baudot et al. (2020) discuss measures to curb tax avoidance by large companies, including policies for monitoring large taxpayers based on guidance from the International Monetary Fund (Almunia & Lopez-Rodriguez, 2018). Using 285,570 observations from Spanish companies covering the period from 1995 to 2007, Almunia and Lopez-Rodriguez (2018) found evidence that such policies promote greater tax compliance.

In Brazil, the RFB intensified tax monitoring from 2010 onward through differentiated economic and tax monitoring policies for large taxpayers, including both legal entities and individuals. During the sample period, the policy was governed by RFB Ordinance No. 4,888/2020 and earlier regulations. Currently, it is governed by RFB Ordinance No. 505/2024, which establishes rules and procedures for overseeing and analyzing taxpayers' tax obligations.

Stricter tax oversight can lead companies to bear higher effective tax burdens (Almunia & Lopez-Rodriguez, 2018; Hoopes et al., 2012). Therefore, lower tax avoidance is expected among companies included in the large taxpayer monitoring program. For the most exposed sectors, however, the discretion introduced by CPC 47 can expand the scope for accounting judgment and increase detection costs for the tax authority. In this subgroup, this effect is expected to outweigh the disciplining effect of monitoring (Rutledge et al., 2016; Souza et al., 2022; Almunia & Lopez-Rodriguez, 2018). This is a derived and partially exploratory hypothesis. For monitored companies as a whole, in turn, the expectation remains that greater tax scrutiny will increase the effective tax burden and reduce tax avoidance. Thus, the following hypotheses are formulated:

H3. Companies monitored by the RFB that operate in the sectors most exposed to CPC 47 increased their tax avoidance after the adoption of the standard.

H4. Companies monitored by the RFB reduced tax avoidance after the adoption of CPC 47.

3 Methodological Procedures

3.1 Sample and models

The study is descriptive and document-based and uses a quantitative approach. Data were extracted from COMDINHEIRO. The sample period extends from 2010 to 2023, encompassing years before and after the adoption of CPC 47 in 2018. The sample includes companies listed on B3, regardless of whether they are headquartered in Brazil or abroad. Initially, the database contained 797 companies, but, after adjustments, the final sample consisted of 471 companies.

Due to its specific characteristics and accounting standards, the financial sector was excluded from the study (Wang et al., 2022; Braga, 2017; Hasan et al., 2017). Observations with negative tax amounts or negative value added available for distribution reported in the statement of value added (*Demonstração de valor adicionado* - DVA) were also removed, as these values may indicate recording errors or atypical situations (Hoopes et al., 2012). The initial sample consisted of 12,030 observations, of which 6,663 were excluded due to missing data, 1,323 because they belonged to the financial sector, 389 because they had negative tax amounts, 266 because they were from 2009, and 519 based on the rules for excluding observations and treating outliers described below. The final sample consisted of 2,870 observations, as summarized in Table 1. The panel is unbalanced, as some companies do not have observations for all years of the study period.

Table 1
Sample composition

Criteria	Observations
Initial database (2009–2023)	12.030
(–) Missing data	6.663
(–) Financial sector	1.323
(–) Negative tax amounts or negative value added available for distribution in the DVA	389
(–) Observations from fiscal year 2009	266
(–) Exclusions and outliers ($EBIT \leq 0$; $ETR < 0$; $ETR > 0.53$; $CTrib > 0.64$)	519
Final sample (2010–2023; 471 companies)	2.870

Source: Study data.

Additionally, following common practice in the effective tax rate (ETR) literature, observations with non-positive operating earnings ($EBIT \leq 0$) were excluded, as the effective tax rate for these observations lacks a meaningful economic interpretation (Hoopes et al., 2012). Observations with a negative ETR were also excluded. Observations with an ETR greater than 0.53 and CTrib greater than 0.64 were excluded, constituting the outliers mentioned above, and the remaining continuous variables were winsorized at the 1st and 99th percentiles (Hasan et al., 2017). The exclusion rates for each rule are similar across the pre- and post-CPC 47 subperiods. The data were analyzed using descriptive statistics, tests of differences in means, pooled Tobit regressions applied to the firm-year panel, with standard errors clustered by firm, and regression discontinuity analysis (Braga, 2017).

The Tobit specification was adopted because the dependent variables are bounded and have mass at the lower bound. The ETR may equal zero because of the absence of current tax expense, tax incentives, or tax offsets. In the Tobit model, this mass is treated as left censoring at zero (Greene, 2017).

For Model 4, a regression discontinuity design (RDD) was used, which allows for the examination of local discontinuities at a threshold and, when its identification assumptions are satisfied, the estimation of local effects (Lee & Lemieux, 2010). In the field of tax enforcement, Tennant and Tracey (2019) used this approach to evaluate the large taxpayer monitoring policy in Jamaica, and Almunia and Lopez-Rodriguez (2018) explored monitoring thresholds in Spain using the same rationale of comparing units close to the cutoff point.

In a literature review on tax enforcement and compliance, Slemrod (2019) highlights the growing use of non-randomized research techniques in the tax field—such as regression discontinuity—and states that this technique, when properly applied, can yield highly credible results. As in the present study, Tennant and Tracey (2019) employed a regression discontinuity approach to evaluate the impact of adopting a special monitoring policy for large taxpayers in Jamaica.

$$TaxAvoid_{it} = \beta_0 + D_1 POSCPC47_t + \sum_{k=1}^{14} \beta_k Controles_{it} + \varepsilon_{it} \quad (1)$$

$$TaxAvoid_{it} = \beta_0 + D_1 POSCPC47_t + \sum_{k=1}^5 D_k SetExpost_{it} + \sum_{k=1}^5 D_k SetExpost_{it} * POSCPC47_{it} + \sum_{k=1}^{14} \beta_k Controles_{it} + \varepsilon_{it} \quad (2)$$

$$TaxAvoid_{it} = \beta_0 + D_1 PosCPC47_{it} + D_2 Monitor + \sum_{k=1}^5 D_k SetExpost_{it} + \beta_1 PosCPC47_{it} * \sum_{k=1}^5 D_k SetExpost_{it} * \beta_2 Monitor + \sum_{k=1}^{14} \beta_k Controles_{it} + \varepsilon_{it} \quad (3)$$

$$TaxAvoid_{it} = \beta_0 + POSCPC47_{it} + \beta_1 RV_{it} + \beta_1 RV_{it} * POSCPC47_{it} + \sum_{k=1}^{14} \beta_k Controles_{it} + \varepsilon_{it} \quad (4)$$

Where: $TaxAvoid_{it}$ – Inverse proxies for the effective tax burden (ETR and CTrib); $POSCP47_{it}$ – Dummy variable equal to 1 for observations following the adoption of CPC 47 and 0 otherwise; $SetExpost_{it}$ – Dummy variable for each exposed sector; $Monitor_{it}$ – Vector of dummy variables identifying companies under special or differentiated monitoring; RV_{it} – Continuous variable corresponding to the gross revenue used in the RFB's eligibility criteria for the large taxpayer monitoring program; $Controles_{it}$ – Control variables.

3.2 Variables

Tax avoidance is measured using the effective tax rate (ETR), a measure widely used in the literature (Armstrong et al., 2019; Hasan et al., 2017; Hoopes et al., 2012; Tennant & Tracey, 2019). The tax burden (CTrib), measured using data from the statement of value added (DVA), is also used as a complementary metric of this construct, as it captures a broader range of taxes than the ETR, which focuses only on income tax (Marques et al., 2022a). For both proxies, lower values indicate a lower effective tax burden and, operationally, greater tax avoidance. The two indicators are reported in parallel to assess robustness, and divergent results between them are interpreted as evidence that the effects vary across different tax bases.

For the analysis, an indicator variable for the adoption of CPC 47 was created, with $D = 0$ before 2018 and $D = 1$ from 2018 onward. An association is expected between the post-adoption period and greater tax avoidance among companies listed on B3. Model 2 also includes five indicators for the most exposed sectors and their interactions with the post-CPC 47 period, with “Other” as the reference category.

Sectoral exposure was operationalized using a categorical variable with six levels: Consumer Cyclical, Industrial Goods, Healthcare, Information Technology, Telecommunications, and Other. In the models, the “Other” category serves as the reference, while the five potentially most exposed sectors are represented by indicator variables (Souza et al., 2022; KPMG, 2016; PwC, 2017). This categorization allows for the examination of differences across specific sectors (Bird et al., 2018).

The study examines changes in tax behavior from two perspectives: the adoption of CPC 47 in isolation and the influence of the most exposed sectors and large taxpayer monitoring. The expectation is that the post-CPC 47 period will be associated with greater tax avoidance among companies listed on B3 and that the most exposed sectors will show a differential change in the effective tax burden, as indicated in the literature (Souza et al., 2022; Rutledge et al., 2016) and posited in H_2 .

Additionally, large taxpayer monitoring was operationalized using two indicator variables: differentiated monitoring and special monitoring, with non-monitored companies as the reference category. The classification is based on gross revenue and the annual parameters established by the RFB. Taxpayers under greater scrutiny are expected to exhibit lower tax avoidance (Hoopes et al., 2012; Wang et al., 2022).

The variables used in the models are summarized in Table 2.

Table 2

Summary of variables used in the models

Acronym	Description	Operationalization	E.S.
ETR_{it}	Effective tax rate	$\frac{(IR_{it} + CSLL_{it})}{LAIR_{it}}$	NA
$CTrib_{it}$	Tax burden	$\frac{TribDVA_{it}}{VAD_{it}}$	NA
$CPC47_{it}$	Adoption of CPC 47	Dummy variable equal to 1 for 2018 onward and 0 otherwise.	(-)
$Monitor_{it}$	Monitoring	Categorical variable with three levels: differentiated monitoring, special monitoring, and no monitoring. Represented in the models by two indicator variables, with non-monitored companies as the reference category.	(+)

<i>Sigla</i>	<i>Descrição</i>	<i>Operacionalização</i>	<i>SE</i>
$SetExpost_{it}$	Sectoral exposure to CPC 47	Categorical variable with six levels: Consumer Cyclical (CC), Industrial Goods (BI), Healthcare (SAU), Information Technology (TI), Telecommunications, and Other. Represented in the models by five indicator variables, with Other as the reference category.	(-)
TAM_{it}	Size	$\ln(AT_{it})$	(-)
$ALAV_{it}$	Financial leverage	$\frac{PNC_{it}}{AT_{it}}$	(-)
ROA_{it}	Return on assets	$\frac{EBIT_{it}}{AT_{it}}$	(-)
$INTANG_{it}$	Intangible assets	$\frac{Intang_{it}}{AT_{it}}$	(-)
MTB_{it}	Logarithm of market value	$\ln_{it}(VM_{it})$	(-)
$MktShare_{it}$	Company's share of lagged sector revenue	$\frac{RL_{it}}{RL_{Setor_{it}}}$	(-)
$DifProduct_{it}$	Product differentiation strategy	Quantitative variable constructed using principal component analysis of variables measuring companies' product differentiation strategies (Jermias & Mahmoudian, 2024).	(-)
$LidCustos_{it}$	Cost leadership strategy	Quantitative variable constructed using principal component analysis of variables measuring companies' cost leadership strategies (Jermias & Mahmoudian, 2024).	(-)
$InvInst_{it}$	Institutional ownership	Indicator variable equal to 1 when the largest shareholder is a legal entity holding more than 10% of total shares and 0 otherwise.	(+)
Gov_{it}	Corporate governance level	Classification according to the company's corporate governance segment: Level 1, Level 2, Novo Mercado, or Traditional.	(+)
$Audit_{it}$	Audit firm	Categorical variable represented by four indicators: DTT, EY, KPMG, and PwC, with non-Big Four audit firms as the reference category.	(-)
$Crise2014-15_{it}$	Economic uncertainty during the 2014–2015 crisis	Indicator variable equal to 1 in 2014 and 2015 and 0 in all other years	(-)
$Covid_{it}$	Economic uncertainty during the COVID-19 period.	Dummy variable equal to 1 in 2020 and 2021 and 0 in all other years.	(-)
ECV_{it}	Life cycle stage	Vector of dummy variables, each equal to 1 for the corresponding stage (introduction, growth, maturity, shake-out, or decline) and 0 otherwise, following Dickinson's (2011) classification.	+/-
$Estratégia_{it}$	Company strategy	Classification of the company's strategy as defender, analyzer, or prospector, following Higgins et al. (2015).	+/-

Note. E.S. = expected sign; NA = not applicable; IR = income tax; CSLL = Social Contribution on Net Profit; TribDVA = total taxes reported in the statement of value added (DVA); VAD = value added available for distribution; EBIT = earnings before interest and taxes; AT = total assets; PNC = non-current liabilities; Intang = intangible assets; VM = market value; PI = institutional ownership; RL – net revenue; RL Sector – total sector net revenue; FCO – operating cash flow; FCF – financing cash flow; FCI = investing cash flow.

Source: Study data.

4 Data Analysis and Results

The comparative analysis suggests that the implementation of CPC 47 was accompanied by a reduction in companies' effective tax burden. As shown in Table 3, the results of the t test indicate that, after the implementation of CPC 47, there was an increase in tax avoidance as inferred from the proxies. Specifically, the mean effective tax rate (ETR) and tax burden (CTrib) decreased significantly ($p < 0.001$ and $p = 0.003$, respectively). This pattern is consistent with the association observed by Braga (2017), without implying causal attribution to CPC 47.

Table 3

Descriptive statistics before and after CPC 47

Panel 1 – Quantitative variables									
	μ	σ	Min.	Max.	μ	σ	Min.	Max.	
<i>ETR_{it}</i>	0,23	0,12	0,00	0,50	0,21	0,11	0,00	0,50	<0,001
<i>CTrib_{it}</i>	0,30	0,15	0,01	0,62	0,28	0,14	0,01	0,62	0,003
<i>TAM_{it}</i>	21,40	1,98	16,32	25,65	22,05	1,92	16,32	25,65	<0,001
<i>ALAV_{it}</i>	0,29	0,21	0,00	1,48	0,35	0,23	0,00	1,48	<0,001
<i>ROA_{it}</i>	0,10	0,09	0,00	0,55	0,11	0,09	0,00	0,55	0,2
<i>INTANG_{it}</i>	0,16	0,22	0,00	0,77	0,13	0,17	0,00	0,77	<0,001
<i>MTB_{it}</i>	21,49	1,85	16,87	25,80	21,91	1,98	16,87	25,80	<0,001
<i>MktShare_{it}</i>	0,05	0,08	0,00	0,50	0,04	0,09	0,00	0,50	0,9
<i>Poder_{it}</i>	0,04	0,19	-0,21	1,06	0,05	0,19	-0,21	1,06	0,4
<i>Dif_Produt_{it}</i>	-0,04	0,05	-0,09	0,40	-0,03	0,07	-0,09	0,40	<0,001
<i>Lid_Cust_{it}</i>	0,02	0,70	-0,64	4,07	0,03	0,70	-0,64	4,07	0,7

Note: t test for differences in means; μ = mean; σ = standard deviation; Min. = minimum value; Max. = maximum value.

Source: Study data.

In addition to the changes in the tax variables analyzed, companies showed slight increases in size, market value (MTB), and financial leverage (the latter increasing from 0.29 to 0.35; $p < 0.001$), suggesting capitalization efforts in a volatile economic context, consistent with Hasan et al. (2017). Despite the reduction in the number of companies listed in the Novo Mercado segment, this segment came to account for a majority of the sample, representing 53% after the adoption of CPC 47 ($p = 0.018$). There was also a decline in the share of audits conducted by Big Four firms and an increase in the share conducted by non-Big Four firms ($p < 0.001$). These differences coincide with the post-2018 period and do not provide a basis for attributing changes in financial, audit, or governance strategies to CPC 47.

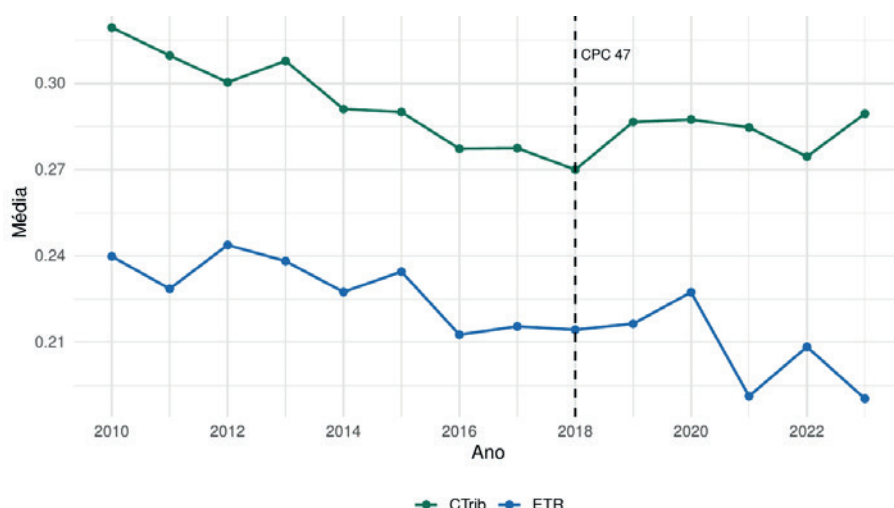


Figure 2. Trends in tax avoidance proxies (2010–2023)

Note: The lines represent the sample's mean annual ETR and CTrib values. The vertical dashed line indicates the mandatory adoption of CPC 47 in 2018. The two proxies show a downward trend over the study period. The figure is strictly descriptive in nature and does not provide evidence of a causal effect, given the simultaneous adoption of the standard by all companies (single cohort).

Source: Study data.

As CPC 47 was adopted simultaneously by all companies in 2018 (single cohort), event study specifications with year fixed effects are not applicable, since lead and lag dummy variables are absorbed by time fixed effects, a limitation inherent to difference-in-differences designs in which no unit remains untreated (de Chaisemartin et al., 2024). Accordingly, H_1 is examined using a single-cohort before-and-after design that is associative in nature.

Next, the groups of monitored and non-monitored companies were compared (Table 4). Monitored companies account for the majority of the sample, which was expected, as companies listed on B3 tend to be large and are the focus of monitoring by the tax authority (Almunia & Lopez-Rodriguez, 2018).

Table 4

Comparison between monitored and non-monitored companies

Panel 1 – Quantitative variables									
	μ	σ	Min.	Max.	μ	σ	Min.	Max.	
ETR_{it}	0,19	0,14	0,00	0,50	0,23	0,11	0,00	0,50	<0,001
$DifETR_{it}$	-0,15	0,14	-0,34	0,16	-0,11	0,11	-0,34	0,16	<0,001
$CTrib_{it}$	0,22	0,14	0,01	0,57	0,30	0,14	0,01	0,62	<0,001
TAM_{it}	18,95	1,73	16,32	24,34	22,13	1,64	16,32	25,65	<0,001
$ALAV_{it}$	0,29	0,36	0,00	1,48	0,32	0,19	0,00	1,48	0,14
ROA_{it}	0,13	0,12	0,00	0,55	0,10	0,08	0,00	0,55	<0,001
$INTANG_{it}$	0,08	0,16	0,00	0,72	0,16	0,20	0,00	0,77	<0,001
MTB_{it}	20,19	2,12	16,87	24,23	21,92	1,77	16,87	25,80	<0,001
$MktShare_{it}$	0,02	0,09	0,00	0,50	0,05	0,08	0,00	0,50	<0,001
$Poder_{it}$	0,14	0,30	-0,21	1,06	0,04	0,17	-0,21	1,06	<0,001
$DifProdut_{it}$	-0,03	0,08	-0,09	0,40	-0,03	0,06	-0,09	0,40	0,6
$LidCust_{it}$	-0,05	0,88	-0,64	4,07	0,04	0,66	-0,64	4,07	0,056

Source: Study data.

Monitored companies have a higher effective tax burden, with higher mean ETR and CTrib values, indicating greater tax compliance, in line with the literature on the disciplining effect of monitoring (Hoopes et al., 2012; Chen & Gavius, 2017). These companies also tend to be larger, with higher market values, a greater share, and more intangible assets, confirming that monitoring focuses on large corporations. Interestingly, non-monitored companies exhibit a higher mean power value, in contrast to Kubick et al. (2015), who associate size and market leadership with greater tax planning.

Among the categorical variables, a higher proportion of non-monitored companies are in the maturity stage (17% *versus* 6.7%), while a higher proportion of monitored companies follow the analyzer strategy (81% *versus* 68%). Regarding corporate governance, monitored companies are concentrated in Level 1 (77% *versus* 31%) and non-monitored companies are in the Traditional segment (55% *versus* 17%). Furthermore, audits by Big Four firms are more frequent among non-monitored companies (67% *versus* 36%). These findings suggest an association between monitoring, greater tax compliance, and more robust governance practices.

4.1 Estimation of regression models

First, it is important to clarify the hierarchy among the hypotheses: H_1 and H_4 constitute the main hypotheses of the study, tested using the main estimators (pooled Tobit regression applied to panel data and regression discontinuity, respectively); H_2 and H_3 are derived hypotheses, examined through analyses of heterogeneity and interaction, with a partially exploratory interpretation given the number of estimated coefficients. The identification of effect heterogeneity in non-canonical designs involving a single cohort and no never-treated control group, such as the present design, is discussed by Shahn and Hatfield (2024).

To test H_1 , which posits that the adoption of CPC 47 increased tax avoidance among companies listed on B3, Model 1, presented in Table 5, was developed using pooled Tobit regressions applied to the firm-year panel because of the mass observed at the lower bound of the proxies.

Table 5

Pooled Tobit regressions for Model 1

	E.S.	ETR	CTrib
<i>Intercept</i>		0,193** (0,059)	-0,062 (0,100)
<i>CPC47_{it}</i>	(-)	-0,025*** (0,006)	-0,030*** (0,007)
<i>TAM_{it}</i>	(-)	-0,006 (0,003)	0,007 (0,006)
<i>ALAV_{it}</i>	(-)	0,002 (0,020)	-0,051 (0,030)
<i>ROA_{it}</i>	(-)	-0,097* (0,040)	0,015 (0,049)
<i>INTANG_{it}</i>	(-)	0,079*** (0,021)	0,059* (0,027)
<i>MTB_{it}</i>	(-)	0,007* (0,003)	0,011* (0,005)
<i>MktShare_{it}</i>	(-)	-0,044 (0,053)	0,012 (0,084)
<i>DifProdut_{it}</i>	(-)	-0,042 (0,056)	-0,184** (0,065)
<i>LidCustos_{it}</i>	(-)	0,001 (0,006)	-0,031*** (0,006)
<i>InvInst_{it}</i>	(+)	0,019 (0,011)	0,016 (0,015)
<i>Crescimento_{it}</i>	(-/+)	0,012 (0,010)	0,023 (0,012)
<i>Maturidade_{it}</i>	(-/+)	0,000 (0,013)	0,027 (0,017)
<i>Turbulência_{it}</i>	(-/+)	0,001 (0,009)	0,019 (0,010)
<i>Declínio_{it}</i>	(-/+)	-0,005 (0,023)	-0,022 (0,017)
<i>DTT_{it}</i>	(-/+)	0,008 (0,010)	0,002 (0,013)
<i>EY_{it}</i>	(-/+)	-0,001 (0,008)	0,021 (0,011)

	E.S.	ETR	CTrib
<i>KPMG_{it}</i>	(-/+)	0,021** (0,008)	0,024* (0,011)
<i>PWC_{it}</i>	(-/+)	-0,001 (0,011)	-0,001 (0,012)
<i>GovNvl1_{it}</i>	(+)	-0,021 (0,013)	-0,051* (0,020)
<i>GovNvl2_{it}</i>	(+)	-0,009 (0,015)	-0,069* (0,033)
<i>NMercado_{it}</i>	(+)	-0,016 (0,010)	-0,095*** (0,015)
<i>Defensora_{it}</i>	(-/+)	0,010 (0,010)	0,014 (0,014)
<i>Prospectora_{it}</i>	(-/+)	0,023* (0,010)	-0,053*** (0,015)
<i>Crise2014-15_{it}</i>	(-)	-0,006 (0,006)	-0,014* (0,006)
<i>Covid_{it}</i>	(-)	0,004 (0,006)	0,009 (0,005)
<i>LogScale_{it}</i>		-2,206*** (0,020)	-2,062*** (0,027)
N		2739	2724
AIC		-4096,76	-3448,14
BIC		-3937,04	-3288,58
Log-Likelihood		2075,38	1751,07

Note: *** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$. Pooled Tobit regressions with robust standard errors clustered at the firm level (TICKER). The models do not include year, firm, or sector fixed effects; they include controls for the 2014–2015 crisis and the COVID-19 period.

Source: study data.

The results of Model 1 indicate that the adoption of CPC 47 was associated with greater tax avoidance, as measured by the ETR and CTrib proxies, supporting H_1 and aligning with the findings of Braga (2017) and Kałdoński and Jewartowski (2020). This reinforces the view that accounting changes can alter tax strategies, especially in complex regulatory environments such as Brazil (Chen & Gavius, 2017). With standard errors clustered by firm, neither size nor leverage was significantly associated with either proxy, while ROA was significantly associated only with ETR ($p < 0.05$), suggesting different tax contexts (Marques et al., 2022a).

Product differentiation and cost leadership strategies were statistically significant only for CTrib, with negative coefficients (-0.184 ; $p < 0.01$ and -0.031 ; $p < 0.001$, respectively), indicating a lower effective tax burden (Jermias & Mahmoudian, 2024). Intangible assets and market value were positively associated with both proxies, while institutional ownership lost statistical significance when standard errors were clustered by firm. Companies with a prospector strategy had higher ETR but lower CTrib values (Higgins et al., 2015).

Regarding the other control variables, the 2014–2015 crisis was associated with a lower effective tax burden (CTrib; $p < 0.05$), consistent with contraction patterns observed during critical periods (Marques et al., 2022b). To test H_2 , Model 2, presented in Table 6, was developed using pooled Tobit regressions applied to the firm-year panel to examine whether CPC 47 affected tax avoidance differently across sectors, especially those identified by Souza et al. (2022) as most exposed to accounting changes. The aim was to understand sectoral variations in tax strategies after the standard's implementation.

Table 6

Pooled Tobit regressions for Model 2

	E.S.	ETR	CTrib
<i>Intercept</i>		0,141* (0,068)	0,066 (0,115)
<i>CPC47_{it}</i>	(-)	-0,020* (0,009)	-0,028** (0,011)
<i>CC_{it}</i>	(-)	-0,012 (0,015)	-0,051** (0,018)
<i>BI_{it}</i>	(-)	0,057*** (0,012)	-0,040* (0,018)
<i>SAU_{it}</i>	(-)	0,060*** (0,017)	-0,034 (0,029)
<i>TELECOM_{it}</i>	(-)	-0,003 (0,017)	0,141*** (0,029)
<i>TI_{it}</i>	(-)	-0,027 (0,027)	-0,032 (0,039)
<i>CC_{it} x CPC47_{it}</i>	(-)	-0,006 (0,015)	0,008 (0,016)
<i>BI_{it} x CPC47_{it}</i>	(-)	-0,027 (0,014)	-0,018 (0,016)
<i>SAU_{it} x CPC47_{it}</i>	(-)	-0,041 (0,021)	0,010 (0,022)
<i>TELECOM_{it} x CPC47_{it}</i>	(-)	-0,017 (0,029)	-0,055 (0,033)
<i>TI_{it} x CPC47_{it}</i>	(-)	0,070* (0,028)	0,030 (0,034)
N		2739	2724
AIC		-4203,67	-3565,47
BIC		-3984,80	-3346,81
Log-Likelihood		2138,83	1819,74

Note: *** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$. Pooled Tobit regressions with robust standard errors clustered at the firm level (TICKER). The models do not include year, firm, or sector fixed effects; they include controls for the 2014–2015 crisis and the COVID-19 period. For brevity, the coefficients of the remaining controls are not shown.

Source: Study data.

The results of Model 2 indicate that, although the implementation of CPC 47 remains associated with a lower effective tax burden in the reference category (Other) (ETR: -0.020, $p < 0.05$; CTrib: -0.028, $p < 0.01$), the analysis of sectoral heterogeneity did not consistently reveal statistically significant differential effects in the sectors potentially most affected by the standard. The only exception is the Information Technology sector, in which the adoption of CPC 47 was associated with a differential increase in ETR (+0.070, $p < 0.05$), indicating lower tax avoidance following the standard's adoption. The Sector×CPC47 interaction coefficients should be interpreted as differential effects relative to the remaining sectors, rather than absolute changes. Thus, the findings do not support H_2 , as sectoral exposure to CPC 47 did not translate into a differential reduction in the effective tax burden.

Additionally, behavioral factors may have operated in the same direction. Tax planning depends on the interaction of multiple factors, including tax planning costs and the potential for increased profits, as noted by Jacob et al. (2021). Augusto and Souza (2021) found limited adoption of CPC 47 in the accounting documents of companies listed on B3, which may have led companies to perceive little risk in intensifying strategies to reduce the effective tax burden. Furthermore, Nakao and Gray (2018) point out that, even after adopting IFRS, companies can maintain existing practices to avoid additional costs.

In summary, the behavioral inertia and risk aversion documented in the literature, together with the continued limited adoption of CPC 47, offer a more plausible explanation for the lack of support for H_2 than a differential sectoral effect, challenging the literature that predicted more pronounced impacts in sectors with clearly defined revenue recognition stages (Rutledge et al., 2016).

Next, pooled Tobit regression was applied to Model 3 to test H_3 , which posits that companies monitored by the RFB that operate in sectors more exposed to CPC 47 increased their tax avoidance after the adoption of the standard. Table 7 presents the results.

Table 7

Pooled Tobit regressions for Model 3

	E.S.	ETR	CTrib
<i>Intercept</i>		0,165* (0,081)	0,167 (0,122)
<i>CPC47_{it}</i>	(-)	-0,015 (0,035)	-0,023 (0,051)
<i>MonitorDiferenc_{it}</i>	(+)	0,007 (0,026)	0,052 (0,037)
<i>MonitorEspecial_{it}</i>	(+)	0,030 (0,028)	0,090* (0,042)
<i>MonitorDiferenc_{it} x CPC47_{it}</i>	(+)	0,019 (0,038)	-0,029 (0,050)
<i>MonitorEspecial_{it} x CPC47_{it}</i>	(+)	-0,008 (0,036)	0,011 (0,052)
<i>CC_{it} x MonitorDiferenc_{it}</i>	(-/+)	0,019 (0,081)	0,002 (0,088)
<i>CC_{it} x MonitorEspecial_{it}</i>	(-/+)	-0,003 (0,083)	-0,040 (0,087)
<i>BI_{it} x MonitorDiferenc_{it}</i>	(-/+)	0,034 (0,031)	-0,113 (0,062)
<i>BI_{it} x MonitorEspecial_{it}</i>	(-/+)	0,010 (0,033)	-0,084 (0,065)
<i>SAU_{it} x MonitorDiferenc_{it}</i>	(-/+)	-0,068 (0,039)	0,017 (0,049)
<i>SAU_{it} x MonitorEspecial_{it}</i>	(-/+)	-0,087** (0,033)	0,006 (0,056)
<i>TELECOM_{it} x MonitorDiferenc_{it}</i>	(-/+)	-0,024 (0,078)	-0,125* (0,055)
<i>TELECOM_{it} x MonitorEspecial_{it}</i>	(-/+)	-0,036 (0,059)	0,021 (0,120)
<i>TI_{it} x MonitorDiferenc_{it}</i>	(-/+)	-0,009 (0,046)	-0,094 (0,066)
<i>TI_{it} x MonitorEspecial_{it}</i>	(-/+)	-0,044 (0,051)	-0,046 (0,062)
<i>CC_{it} x MonitorDiferenc x CPC47_{it}</i>	(-)	-0,044 (0,074)	-0,014 (0,086)
<i>CC_{it} x MonitorEspecial x CPC47_{it}</i>	(-)	-0,014 (0,074)	-0,033 (0,082)
<i>BI_{it} x MonitorDiferenc x CPC47_{it}</i>	(-)	-0,055 (0,055)	0,031 (0,065)
<i>BI_{it} x MonitorEspecial x CPC47_{it}</i>	(-)	-0,039 (0,050)	-0,068 (0,065)
<i>SAU_{it} x MonitorDiferenc x CPC47_{it}</i>	(-)	0,025 (0,075)	-0,001 (0,060)
	S. E.	ETR	CTrib
<i>SAU_{it} x MonitorEspecial x CPC47_{it}</i>	(-)	0,049 (0,057)	-0,010 (0,063)
<i>TELECOM_{it} x MonitorEspecial x CPC47_{it}</i>	(-)	-0,009 (0,121)	-0,117 (0,141)
<i>TI_{it} x MonitorDiferenc_{it} x CPC47_{it}</i>	(-)	0,013 (0,062)	0,083 (0,078)
<i>TI_{it} x MonitorEspecial_{it} x CPC47_{it}</i>	(-)	-0,049 (0,052)	-0,037 (0,070)
N		2739	2724
AIC		-4176,24	-3603,07
BIC		-3815,41	-3242,57
Log-Likelihood		2149,12	1862,53

Note: *** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$. Pooled Tobit Regressions with robust standard errors clustered at the firm level (TICKER). The models do not include year, firm, or sector fixed effects; they include controls for the 2014–2015 crisis and for COVID-19 period. For brevity, the main effects of sectors, the CPC 47 × sector interactions, and the coefficients of the remaining controls are not shown.

Source: study data.

The coefficients reported in Table 7 are conditional on the reference categories: non-monitored companies, non-exposed sectors (where applicable), and the pre-CPC 47 period. Three estimates involving monitoring reached statistical significance: a higher tax burden (CTrib) under special monitoring for companies in the “Other” category during the pre-CPC 47 period (+0.090; $p < 0.05$), a lower effective tax rate (ETR) for the Healthcare × Special interaction (-0.087; $p < 0.01$), and a lower tax burden (CTrib) for the Telecommunications × Differentiated interaction (-0.125; $p < 0.05$). Given the number of estimated coefficients, these lower-order associations should be interpreted as exploratory.

The analysis of three-way interactions (CPC 47 $\times$ monitoring $\times$ exposed sectors) likewise identified no statistically significant effects. This pattern is consistent with a diffuse disciplining effect of monitoring that reaches large listed companies as a whole, rather than specific sectoral subgroups around the time of the standard's adoption. There is no evidence that monitored companies in exposed sectors have differentially exploited the discretion introduced by CPC 47 (Hoopes et al., 2012; Almunia & Lopez-Rodriguez, 2018).

Thus, H_3 was not supported. To test H_4 , regression discontinuity analyses were conducted at the thresholds for differentiated and special monitoring, with the results presented in Table 8.

The model's cutoff point is the threshold for entry into monitoring, set annually by the RFB (RFB Ordinances No. 2,923/2009 through No. 252/2022), which varied during the period from R\$80 million to R\$300 million for differentiated monitoring and from R\$370 million to R\$2 billion for special monitoring. As the ordinances base selection on gross revenue reported in the Tax Accounting Bookkeeping (*Escrituração Contábil Fiscal* – ECF) for the fiscal year two years earlier, revenue at $t-2$ was adopted as the forcing variable, normalized by the threshold in force for each year ($RV = \text{Revenue}(t-2)/\text{threshold}(\text{year}) - 1$), yielding a common cutoff point of zero. Within the optimal bandwidth selected using the two-sided mean squared error (MSE) criterion (Calónico, Cattaneo, Farrell & Titiunik, 2019), the marginal effect of revenue, the discontinuity at the cutoff, the CPC 47 adoption dummy, and the interaction between the discontinuity and this dummy were estimated, with standard errors clustered by firm. As assignment to monitoring is triggered by four alternative criteria (gross revenue, tax liabilities reported in the Federal Tax Debits and Credits Declaration (*Declaração de Débitos e Créditos Tributários Federais* – DCTF), payroll, and liabilities reported in the FGTS Payment and Social Security Information Form (*Guia de Recolhimento do Fundo de Garantia do Tempo de Serviço e Informações à Previdência Social* - GFIP), revenue alone does not determine treatment status, and the design is, strictly speaking, fuzzy. In the absence of public information on actual assignment to monitoring, the analysis identifies a discontinuity in eligibility, using revenue as a proxy and implementing a sharp design; this is acknowledged as a limitation. The continuity of the density of the forcing variable around the thresholds was also examined (Cattaneo, Jansson & Ma, 2020).

Table 8

Regression discontinuity analysis for Model 4

Specification	Marginal effect	Pre-CPC 47 discontinuity	Change in discontinuity	Post-CPC 47 discontinuity	h	N (left/right)
ETR – Differentiated monitoring	0,068	–0,052*	0,027	–0,025	4,75	256 / 500
CTrib – Differentiated monitoring	0,133*	–0,031	–0,023	–0,054	7,30	255 / 700
ETR – Special monitoring	0,012	0,041*	–0,027	0,014	1,41	688 / 449
CTrib – Special monitoring	0,105***	–0,025	–0,007	–0,032	1,53	682 / 475

Note: *** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$. Note: *** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$. Estimates within the optimal bandwidth selected using the two-sided MSE criterion, with robust standard errors clustered by firm. Forcing variable: gross revenue at $t-2$ normalized by the threshold in force for each year ($RV = \text{Revenue}(t-2)/\text{threshold}(\text{year}) - 1$; common cutoff point at zero). Marginal effect = slope below the threshold (β_0); pre-CPC 47 discontinuity = discontinuity at the threshold before the standard's adoption (τ_0); change in discontinuity = change in the discontinuity after adoption (τ_1); post-CPC 47 discontinuity = $\tau_0 + \tau_1$, with the standard error obtained from the linear combination; h = bandwidth; N = observations to the left and right of the cutoff. The RDD models do not include controls for the 2014–2015 crisis or the COVID-19 period.

Source: Study data.

None of the four interactions between the cutoff point and the post-CPC 47 period were statistically significant ($p \geq 0.132$), and the same was true when fixed thresholds were used. In the sensitivity analysis using revenue at $t-1$, a negative change in the ETR discontinuity was observed under special monitoring (-0.037 ; $p = 0.027$), opposite to the direction predicted by H_4 and not replicated in the main specification or when using fixed thresholds. There is, therefore, no robust evidence of a change in the discontinuity after the adoption of the standard. The pre-adoption discontinuity coefficients were significant for the ETR under both regimes, but with opposite signs (-0.052 under differentiated monitoring and 0.041 under special monitoring). With the alternative lag, the pre-CPC 47 ETR discontinuity under differentiated monitoring remained negative and significant (-0.061 ; $p = 0.003$), while the other pre-adoption discontinuities were not significant; within local bandwidths, these coefficients were also unstable. This variation in magnitude across monitoring regimes and specifications cautions against a substantive interpretation of the estimated discontinuities. With fixed bandwidths of 0.50 and 0.25 , a positive interaction was identified for ETR under differentiated monitoring, a result that was not replicated with the optimal bandwidth, with the alternative lag, or with fixed thresholds, and is therefore interpreted as isolated evidence that is sensitive to model specification. The density continuity test did not reject the hypothesis of continuity at either threshold ($p = 0.115$ and $p = 0.193$).

The lack of an effect of CPC 47 on the effective tax burden of monitored companies may be due to its limited implementation in accounting practices (Augusto & Souza, 2021), resistance to change (Nakao & Gray, 2018) or the high level of tax compliance among these companies, regardless of their formal monitoring classification. Taken together, the findings are also compatible with a diffuse disciplining effect of monitoring, which would extend to monitored companies in general and not just those near the threshold (Hoopes et al., 2012).

5 Conclusion

The study analyzed the implications of CPC 47 for tax avoidance among companies listed on B3, focusing on flexibility in revenue recognition and its possible influence on tax expenses.

The results were mixed. In Model 1, hypothesis H_1 was supported, indicating that the adoption of CPC 47 was accompanied by a reduction in companies' effective tax burden, as indicated by the ETR and CTrib variables, consistent with the findings of Braga (2017) and Kałdoński and Jewartowski (2020). In Model 2, hypothesis H_2 was not supported: the analysis of sectoral heterogeneity did not reveal robust evidence of statistically significant differential effects in the sectors potentially most affected by the standard, a result attributable to the persistence of existing practices (Augusto & Souza, 2021; Nakao & Gray, 2018).

Hypotheses H_3 and H_4 , relating to the role of RFB monitoring, were not supported. In Model 3, the interaction coefficients among monitoring, sectoral exposure, and the adoption of CPC 47 were, for the most part, not statistically significant. In Model 4, the interaction between the cutoff point and the adoption of CPC 47 was not significant in any of the combinations, "whether annual or fixed thresholds were used, indicating no evidence of a reduction in tax avoidance among monitored companies following the standard's adoption. The coefficients at the cutoff point showed inconsistent signs across regimes and were sensitive to model specification, which cautions against a causal interpretation of the estimated discontinuity.

The observed pattern is consistent with a diffuse disciplining effect of monitoring—extending to large listed companies as a whole—and with the high level of tax compliance among these companies, given their size and governance structures (Hoopes et al., 2012; Almunia & Lopez-Rodriguez, 2018). This study is relevant to public administration as it provides evidence regarding (i) the tax policy applied to accounting standards under Law No. 12.973/2014 and RFB Normative Instruction No. 1.700/2017; (ii) the tax implications of accounting standards that allow for greater discretion; and (iii) the effects of tax enforcement on taxpayers (Slemrod, 2019; Wang et al., 2022).

Limitations include (i) the analysis of monitoring based on gross revenue reported in the DVA, which may differ from gross revenue for tax purposes and does not account for other monitoring eligibility criteria; (ii) the reduction in sample size due to missing essential data; (iii) the lack of a breakdown by individual tax; (iv) the omission of other accounting standards that came into force during the period, such as CPC 06 – Leases and CPC 48 – Financial Instruments, which could confound the effect of CPC 47; and (v) the restriction of the analysis to listed companies, which, in the Brazilian context, means including only medium-sized and large companies.

Therefore, future research should consider all eligibility criteria for large taxpayer monitoring. Finally, it would be useful to examine the association between the adoption of CPC 47 and each tax separately (IRPJ/CSLL, PIS/COFINS, ISS, ICMS) or the tax burden at each level of government (state and municipal taxes).

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