

The Impacts of Board and CEO Characteristics on Tax Avoidance: The Case of Commercial Banks in Vietnam

Thi Lam Anh Nguyen

Banking Academy of Vietnam, 12 Chua Boc, Hanoi, Vietnam

Email: nguyendlamanh@hvnh.edu.vn

Thi Thanh Ha Trang

Banking Academy of Vietnam, 12 Chua Boc, Hanoi, Vietnam

Email: trangthithanhha1202@gmail.com

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Abstract

This study investigates the influence of board and CEO characteristics on tax avoidance behavior among Vietnamese commercial banks, with particular attention to the moderating effects of the COVID-19 pandemic. The relationship is estimated using a panel dataset of 31 commercial banks from 2012 to 2023, and The Feasible Generalized Least Squares (FGLS) method. The findings reveal that CEO experience is positively associated with corporate tax avoidance (CTA), whereas CEO participation on the board of directors and a larger board size are linked to lower tax avoidance. A higher proportion of female directors on the board is associated with higher CTA, while a larger bank size increases tax avoidance. COVID-19 positively influences tax avoidance behavior overall, while it weakens the negative influence of CEO duality and the positive effect of CEO experience on CTA. The results have significant implications for policymakers, banking regulators, and shareholders in strengthening governance frameworks to ensure tax compliance in emerging markets.

Keywords: Board Structure, CEO, Tax Avoidance, Commercial Banks, Vietnam

Introduction

The banking sector plays a pivotal role in modern economies, serving as a major channel for capital allocation, credit intermediation, and an important payment system. In developing economies, such as Vietnam, commercial banks play a central role in supporting economic growth, promoting financial inclusion, and maintaining macroeconomic stability. Tax avoidance, the legal reduction of tax liability through tax planning strategies, has attracted increasing attention in the banking sector. Although tax avoidance is distinct from illegal tax evasion, the overuse of tax avoidance strategies can erode the corporate tax base, reduce

government revenue, and undermine public confidence in the financial system (Hanlon & Heitzman, 2010; Lanis & Richardson, 2011). In particular, banks with cross-border networks, complex financial instruments, and access to high-level tax-planning experts often have a significant capacity to deploy tax-avoidance strategies. This can negatively affect the effectiveness of fiscal policy, increase inequality, and raise regulatory issues regarding fairness and compliance.

Empirical studies on the relationship between BOD/CEO characteristics and tax avoidance behavior show mixed results. Some studies suggest that a large board size and high independence can reduce tax avoidance due to better monitoring capabilities (Pavlou et al., 2025; Salhi et al., 2020), while others suggest that a large board size or certain independent structures can facilitate increased tax avoidance due to slow or difficult-to-coordinate decision-making (Hoseini et al., 2019). Regarding gender diversity, some studies (Hoseini et al., 2019; Lanis et al., 2017; Jarboui et al., 2020) show that the presence of women helps improve ethical standards and reduce tax avoidance, but other studies (Garcia Blandon et al., 2022) note the opposite or an insignificant effect (Budi, 2019). CEO experience has been shown to both promote and limit tax avoidance, depending on whether this experience leads to the exploitation of legal opportunities or the prioritization of corporate reputation. These differences may stem from the institutional context, level of tax enforcement, and governance characteristics of each industry. However, most existing studies focus on the non-banking sector, developed economies, or short time periods, while research on the banking industry in emerging markets is limited. In Vietnam, the post-bank restructuring period of 2012, along with changes in corporate governance regulations and macroeconomic shocks such as the COVID-19 pandemic, provides a unique context for analyzing these relationships. This study examines the impact of board of directors (BOD) and CEO characteristics on tax avoidance behavior of 31 Vietnamese commercial banks during the period 2012–2023, and analyses the moderating role of ownership structure and macroeconomic factors such as inflation and the COVID-19 pandemic. The Feasible Generalized Least Squares (FGLS) method is used to overcome the problems of autocorrelation and heteroscedasticity. The results show that the higher the CEO's experience, the higher the level of tax avoidance, while CEOs who are also BOD members, larger BOD size, and a higher proportion of female members are associated with lower levels of tax avoidance. In addition, the larger the bank size, the higher the tax avoidance behavior, while inflation has a negative impact; that is, in conditions of high inflation, the level of tax avoidance decreases.

The selection of Vietnamese commercial banks as the research object is based on several reasons. First, the banking industry plays a key role in the Vietnamese financial system, accounting for more than 90% of the total credit to the economy (FiinRatings, 2024). Second, banks operate in an environment subject to close supervision by regulatory agencies, which strongly affects their governance practices and tax planning capabilities. Third, the 2012–2023 period includes many important institutional, legal, and economic changes. After 2012, the State Bank implemented the restructuring of the banking system, improving capital adequacy ratios, risk management, and corporate governance standards. In addition, the signing of major trade agreements, such as the CPTPP and EVFTA since 2015, has promoted foreign investor participation in the financial sector, which may impact governance structures and tax strategies. Finally, the COVID-19 pandemic (2020–2021) created unprecedented operational challenges that are likely to influence managerial decisions, including tax avoidance.

This study contributes to the literature in three main ways. First, it adds evidence to the limited literature on the governance–tax avoidance relationship in the banking sector in emerging markets, with long-term data covering a period of high volatility. Second, it disentangles the effects of various CEO and board characteristics, helping to understand the mechanisms through which governance shapes tax avoidance behavior in banks. Third, it accounts for the moderating impact of the COVID-19 pandemic on the relationship, highlighting the contextual dependency of governance and tax-avoidance practices. Finally, based on these insights, this study provides practical recommendations for banks and regulators to enhance corporate governance and prevent excessive tax planning behavior in banks.

The remainder of this paper is organized as follows. Section 2 reviews the literature on the impact of corporate governance on bank tax avoidance behavior. Section 3 presents the methods and data. Section 4 reports and discusses the results of the study. Finally, Section 5 concludes the paper.

Literature Review

Theoretical Frameworks

Tax avoidance, defined as the legal reduction of corporate tax liabilities through strategic planning, is conceptually distinct from tax evasion, which entails illegal activities with legal consequences (Hanlon & Heitzman, 2010). This distinction is critical for understanding the governance mechanisms that influence corporate tax behavior. Two dominant theoretical perspectives explain how board and CEO characteristics shape tax avoidance in banking institutions: Agency Theory and Upper Echelons Theory.

Agency Theory (Jensen & Meckling, 1976) posits that conflicts of interest arise between shareholders (principals) and managers (agents) because of divergent objectives. Tax avoidance can be viewed as a tool to align interests by increasing after-tax returns and as a source of agency conflict when used excessively for managerial benefit at the expense of corporate reputation or long-term value (Desai & Dharmapala, 2006). The board of directors serves as a governance mechanism to monitor managerial decisions, potentially constraining aggressive tax strategies (Lanis & Richardson, 2011). However, board characteristics, such as size, independence, gender diversity, and the presence of foreign members, can influence their effectiveness in monitoring tax-related decisions.

Upper Echelons Theory (Hambrick & Mason, 1984) emphasizes that organizational outcomes are partially predicted by the experiences, values, and personalities of top executives. CEO characteristics, such as gender, tenure, and duality (serving as both CEO and board chair), can shape risk preferences and strategic priorities, including tax planning. For example, experienced CEOs may exploit greater firm-specific knowledge to identify complex tax-saving opportunities (Lanis & Richardson, 2011), whereas risk-averse CEOs may avoid overly aggressive tax strategies to protect their reputation (Richardson et al., 2016).

By integrating these theories, we find that the governance–tax avoidance relationship is shaped by the interplay between oversight structures (boards) and executive decision-making styles (CEOs). In the context of Vietnamese commercial banks, where regulatory oversight is

high but enforcement capacity can vary, these dynamics may produce outcomes that are distinct from those observed in developed economies.

Empirical Evidence

While tax evasion involves illegal acts that may result in legal sanctions, tax avoidance refers to legal strategies for reducing a company's tax liability. This distinction has attracted considerable attention from policymakers, academics, and the business communities. Empirical evidence from around the world shows that many factors determine tax avoidance behavior, in which the characteristics of the Board of Directors (BOD) and the Chief Executive Officer (CEO) play a prominent role. However, existing studies have drawn conflicting and sometimes contradictory conclusions regarding the direction and extent of this impact.

Board of Directors Characteristics and Tax Avoidance

The relationship between board size and tax avoidance has been widely discussed. Some evidence suggests that a large board size may increase tax avoidance behavior due to the existence of more collective interest motives and slower decision-making processes. Hoseini et al. (2019) reported that in Tehran-listed firms, a greater number of directors is associated with higher levels of tax avoidance, as the diversity of opinions may hinder rapid decision-making, especially during crises. Similarly, Wahyuni et al. (2025) suggest that increasing the number of board members may create indirect incentives to encourage tax avoidance. Conversely, other studies have found that larger boards may provide more effective management monitoring, thereby reducing tax avoidance. Pavlou et al. (2025), using a large dataset of 84,153 firm-year observations from 39 countries (2000–2023), find that larger board size is associated with lower levels of tax avoidance, as diverse expertise and perspectives strengthen governance mechanisms. These mixed findings suggest that the impact of board size on tax avoidance depends on the context and governance quality.

The evidence on the role of independent directors is also mixed. Several studies have documented a positive relationship between board independence and tax avoidance, including Richardson et al. (2016) and Mulyadi & Anwar (2015) in the United States, McClure et al. (2018) in Australia, and Chytis et al. (2020) in Greece. These studies suggest that, despite their monitoring role, independent directors sometimes prioritize shareholder wealth maximization over tax compliance, leading to aggressive tax strategies. In contrast, Lanis and Richardson (2011, 2018), Salhi et al. (2020), and Ali et al. (2024) show that independent directors can reduce tax avoidance by increasing transparency and ensuring that management decisions are aligned with shareholders and social interests. Other studies, such as Minnick and Noga (2010), Chan et al. (2013), and Wahab et al. (2017), did not find a statistically significant relationship, suggesting that contextual factors may play a mediating role.

The influence of female representation on boards of directors also shows mixed results. Some studies have found that women bring diverse perspectives, emphasize stakeholder interests, and allocate resources more prudently (Panjaitan, 2019). In addition, women tend to be more conservative and less risk-taking in their strategic decisions, including tax planning. The empirical findings of Hoseini et al. (2019), Jarboui et al. (2020), and Lanis et al. (2017) are consistent in that female board members tend to maintain higher ethical standards, promote financial reporting transparency, and discourage overly aggressive tax strategies. However,

Garcia-Blandon et al. (2022) found a positive relationship between the proportion of women on boards and tax avoidance in Norway. Contextual factors, such as gender inequality in Indonesia, may limit the impact of female directors (Zudana et al., 2021; Kalbuana et al., 2023). In addition, some studies, including Budi (2019), found no significant relationship between gender diversity and tax avoidance.

The role of foreign board members is controversial. Some evidence suggests that they may improve governance quality and reduce tax avoidance because of higher professional standards and reputational concerns (Preuss, 2010). Conversely, it has been suggested that they may encourage aggressive tax planning to enhance short-term returns, especially in markets with weak enforcement mechanisms. This suggests that institutional context and cultural integration may be important mediating factors.

CEO Characteristics and Tax Avoidance

Similar to board gender diversity, the CEO's gender may influence tax behavior. Several studies have shown that female CEOs tend to be more conservative in their financial management and risk-taking, leading to lower tax avoidance (Richardson et al., 2016; Srinidhi et al., 2011). However, the limited number of female CEOs makes it difficult to draw general conclusions from this study. Several studies have linked CEO seniority, often considered a proxy for professional expertise, to tax avoidance. According to Upper Echelons Theory (Hambrick & Mason, 1984), CEO seniority is often considered a proxy for professional expertise, and many studies have linked it to tax avoidance.

Many studies have linked CEO tenure, often considered a proxy for expertise, to tax avoidance. According to Upper Echelons Theory (Hambrick & Mason, 1984), managerial characteristics such as experience shape decision-making strategies. Lanis and Richardson (2011), Astutik and Venusita (2020), and James (2020) found a positive relationship between CEO seniority and tax avoidance, arguing that long-standing CEOs have extensive knowledge and networks that help them identify and exploit complex tax-saving opportunities. Conversely, some scholars argue that experienced CEOs may prioritize corporate reputation and avoid overly aggressive tax strategies.

The impact of the CEO concurrently holding the position of Chairman of the Board of Directors on tax avoidance is controversial. Some studies (Chan et al., 2013; Jusoh et al., 2024) suggest that duality may increase tax avoidance due to centralized power and reduced monitoring. In contrast, Boussaidi and Hamed-Sidhom (2021) and Koliass and Koumanakos (2022) found a negative relationship, suggesting that unified leadership can improve coordination and limit risky tax behavior. Wahab et al. (2017) did not find a statistically significant relationship.

Limitations of Previous Studies

Overall, previous studies show significant differences in the results across governance characteristics and research contexts. Many inconsistencies stem from differences in sample selection, tax avoidance measurement, institutional environments, and cultural norms. Furthermore, much of the existing evidence focuses on non-banking industries, while studies on emerging markets such as Vietnam are limited. This gap highlights the need for further empirical research on the impact of board and CEO characteristics on tax avoidance in

Vietnamese commercial banks, especially during periods of economic volatility, such as the COVID-19 pandemic.

Data and Methods

Data

This study employs an unbalanced panel dataset comprising 31 Vietnamese commercial banks from 2012 to 2023. The data were sourced from FiiPro and the annual reports of the respective banks. The panel is unbalanced because not all banks were listed or published complete data for the entire period due to events such as listing dates, mergers, acquisitions, or temporary trading suspensions. An unbalanced structure is common in corporate governance research (Baltagi, 2021) and ensures that the maximum number of valid observations is retained without restricting the analysis to only banks with complete time-series records.

Methodology

Based on the approach of Jusoh et al. (2024), Pavlou et al. (2025), and Zunianto et al. (2024), the authors proposed the following models:

$$\begin{aligned}
 CTA_{it} = & \beta_0 + \beta_1 CEO_gender_{it} + \beta_2 CEO_experience_{it} + \beta_3 CEO_board_{it} \\
 & + \beta_4 Board_size_{it} + \beta_5 Board_independent_{it} + \beta_6 Board_foreigner_{it} \\
 & + \beta_7 Board_female_{it} + \beta_8 leverage_{it} + \beta_9 Fixedassets_{it} \\
 & + \beta_{10} Bank_size_{it} + \beta_{11} Bank_age_{it} + \beta_{12} GDP_{it} + \beta_{13} Inflation_{it} \\
 & + \epsilon_{it}
 \end{aligned} \quad (1)$$

Where *CTA* represents banks' tax avoidance levels. CEO characteristics include CEO gender, experience and whether a CEO is a board member. Board characteristics include board size and the ratio of independent, foreign, and female directors on the board. The control variables include bank leverage, fixed asset level, size, age, GDP growth, and inflation rate. A detailed description of the variables is presented in Table 1.

To measure the tax avoidance level of banks in Vietnam, this study adopts two of the most popular measures: effective tax rate (ETR) and 3-year average ETR (Armstrong et al., 2012; Dyreng et al., 2009). *CTA1* and *CTA2* are measured using the following equations: The higher the scores, the lower the tax avoidance levels.

$$CTA1 = \frac{Total\ tax\ expenses}{Total\ pre - tax\ accounting\ income} \quad (2)$$

$$CTA2 = \frac{Total\ tax\ paid\ over\ 3\ years}{Total\ pre - tax\ income\ over\ 3\ years} \quad (3)$$

To estimate model (1), the author employs various panel regression methods, such as Ordinary Least Squares (OLS), fixed effects models (FEM), and random effects models (REM). However, post-estimation tests of the above models showed issues of heteroskedasticity and autocorrelation, which were mitigated using the Feasible Generalized Least Squares (FGLS) method.

Table 1

Variable description

Variables	Definitions	Calculation methods
<i>CTA</i>	Tax avoidance behaviour	Measured by CTA1 and CTA2
<i>CEO_gender</i>	CEO gender	Dummy variable, equals 1 if the CEO is female, 0 otherwise
<i>CEO_experience</i>	CEO experience	Natural logarithm of number of year that a CEO is in the current position.
<i>CEO_board</i>	CEO participation on Board	Dummy variable, equals 1 if the CEO is a board member, 0 otherwise
<i>Board_size</i>	Board size	Natural logarithm of number directors on board
<i>Board_independent</i>	Board independent	Ratio of independent directors on board
<i>Board_foreign</i>	Board's foreign members	Ratio of foreign directors on board
<i>Board_female</i>	Board's female members	Ratio of female directors on board
<i>Leverage</i>	Bank leverage	Total liabilities/Owner's equity
<i>Fixedassets</i>	Firm fixed assets	Fixed Assets/ Total Assets
<i>Bank_size</i>	Bank size	Natural logarithm of bank total assets at the end of the period.
<i>Bank_age</i>	Bank age	Natural logarithm of number of years in operation.
<i>Govt</i>	Government ownership	Dummy variable, equals 1 if the foreign ownership is more than 50%, 0 otherwise
<i>GDP</i>	GDP growth	GDP annual growth rate
<i>Inflation</i>	Inflation rate	Inflation rate

Results*Descriptive Statistics*

Table 2 presents the descriptive statistics for the main variables used in this study. The mean value of the first measure of tax avoidance (*CTA1*) is 0.211, with a standard deviation of 0.108, while the second measure (*CTA2*) has a mean of 0.203 and a standard deviation of 0.064, indicating variation in tax planning intensity among Vietnamese commercial banks. On average, CEOs have 1.265 years of tenure in their current position (log scale), which corresponds to approximately 3.54 years in raw values; approximately 10.6% are female, and 62.3% also serve as members of the board of directors. The average board size is 1.965 (log scale), equivalent to approximately seven members, with independent directors accounting for 12.6% of the board. Foreign and female directors represent 8.2% and 19.2% of board members, respectively.

The banks in the sample exhibit an average leverage ratio of 0.913, fixed assets to total assets of 0.011, and an average size (log of total assets) of 32.725. The average bank age is 3.097 (log scale), and government ownership averages 12.9% of outstanding shares. The macroeconomic environment during the sample period is characterized by an average GDP growth rate of 6.222% and an average inflation rate of 3.71%. The sample period covers both pre-pandemic and pandemic years, with the COVID-19 years representing a substantial portion of the total observations.

Table 2
Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
CTA1	398	.211	.108	-.121	1.641
CTA2	335	.203	.064	-.335	.64
CEO_gender	387	.106	.308	0	1
CEO_experience	390	1.265	.908	0	3.091
CEO_board	390	.623	.485	0	1
Board_size	389	1.965	.248	1.386	2.708
Board_independent	389	.126	.092	0	.5
Board_foreign	388	.082	.12	0	.429
Board_female	389	.192	.168	0	.8
Leverage	397	.913	.035	.762	.974
Fixedassets	397	.011	.011	.001	.06
Bank_size	397	32.725	1.206	30.218	35.554
Bank_age	402	3.097	.578	0	4.22
Govt	403	.129	.336	0	1
GDP	403	6.222	1.757	2.562	8.483
Inflation	372	3.71	2.134	.631	9.21

Table 3 reports the Pearson correlation coefficients for the variables. All correlation values are below the commonly accepted threshold of 0.70, suggesting that multicollinearity is unlikely to be a serious concern in the regression analysis. This is further supported by the variance inflation factor (VIF) tests, all of which are well below the critical value of 10.

Table 3
Correlation matrix

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1) CTA1	1.000							
(2) CTA2	0.722	1.000						
(3) CEO_gender	0.002	0.032	1.000					
(4) CEO_experience	-0.114	-0.046	0.091	1.000				
(5) CEO_board	0.034	0.164	0.148	0.259	1.000			
(6) Board_size	-0.028	-0.023	-0.253	-0.152	0.033	1.000		
(7) Board_independent	-0.014	-0.021	0.189	-0.059	-0.261	-0.144	1.000	
(8) Board_foreign	-0.046	0.009	-0.184	-0.081	-0.321	0.233	0.124	1.000
(9) Board_female	0.011	0.107	0.326	-0.111	-0.092	-0.069	0.146	-0.124
(10) Leverage	-0.005	0.035	-0.005	-0.017	0.054	0.132	-0.053	-0.051
(11) Fixedassets	0.033	0.077	0.149	-0.117	0.054	-0.077	0.081	-0.174
(12) Bank_size	-0.023	0.020	-0.099	-0.036	0.070	0.434	0.034	0.087
(13) Bank_age	-0.053	0.328	0.086	-0.010	0.101	0.189	0.034	-0.018
(14) GDP	-0.035	0.000	0.019	0.073	-0.007	-0.022	0.043	-0.015
(15) Inflation	0.056	0.021	-0.048	-0.196	-0.103	0.044	-0.144	0.031
Variables	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
(1) CTA1								
(2) CTA2								
(3) CEO_gender								
(4) CEO_experience								
(5) CEO_board								
(6) Board_size								
(7) Board_independent								

(8) <i>Board_foreign</i>							
(9) <i>Board_female</i>	1.000						
(10) <i>Leverage</i>	0.119	1.000					
(11) <i>Fixedassets</i>	0.090	-0.421	1.000				
(12) <i>Bank_size</i>	-0.049	0.448	-0.393	1.000			
(13) <i>Bank_age</i>	0.175	0.035	0.106	0.397	1.000		
(14) <i>GDP</i>	0.021	0.045	-0.039	0.064	0.056	1.000	
(15) <i>Inflation</i>	-0.081	-0.267	0.123	-0.221	-0.178	-0.145	1.000

Baseline Results

Table 4 presents the basic results of the impact of CEO and BOD characteristics on the tax avoidance behavior of Vietnamese commercial banks.

First, the research results show that CEO experience has a positive relationship with tax avoidance behavior, meaning that banks led by CEOs with many years of experience often engage in more aggressive tax-planning strategies. This result is consistent with the argument of Upper Echelons Theory (Hambrick & Mason, 1984) and studies by Lanis and Richardson (2011), Astutik and Venusita (2020), and James (2020), which state that experience helps CEOs deeply understand credit activities, investments, financial product structures, and complex tax regulations, thereby implementing tax planning strategies that are legal but optimize after-tax profits. In practice, experienced CEOs also tend to enjoy greater trust from the board and shareholders, allowing them greater autonomy in strategic decisions, including tax-optimization measures. This finding is consistent with empirical studies by Lanis and Richardson (2011), Astutik and Venusita (2020), and James (2020), all of which found a positive relationship between CEO tenure and tax avoidance.

Second, when the CEO is also a board member, tax avoidance behavior is reduced. This finding is consistent with the Stewardship Theory, which suggests that CEO participation on the board helps to unify leadership and monitoring, thereby balancing profit goals with reputation and regulatory compliance. This result is consistent with the studies by Boussaidi and Hamed-Sidhom (2021) and Kolias and Koumanakos (2022), which show that CEO duality in a high-reputation-risk environment may limit excessive tax planning behaviors.

Third, larger board size is negatively associated with tax avoidance, meaning that banks with large boards are less likely to implement aggressive tax strategies. This result is consistent with the studies by Salhi et al. (2020) and Pavlou et al. (2025), which show that banks with large boards can mobilize opinions from multiple areas (finance, legal, and risk management) to thoroughly evaluate complex tax plans, requiring transparency and clear reporting.

Fourth, the proportion of female board members has a positive effect on tax avoidance. This result is consistent with studies by Srinidhi et al. (2011), Lanis et al. (2017) and Jarboui et al. (2020), stress that women on boards tend to be more conservative, promote transparency, and limit excessive tax avoidance.

Fifth, bank size has a positive impact on tax avoidance, indicating that larger banks are more likely to engage in tax planning strategies. This is consistent with the studies by Minnick and Noga (2010) and Richardson et al. (2016), who argue that large organizations have advantages in scale, resources, and networks to implement sophisticated tax strategies.

Finally, inflation negatively impacts tax avoidance, indicating that tax avoidance tends to decrease under high inflation conditions. This result is consistent with Salhi et al. (2020) and Ali et al. (2024), who argue that macroeconomic instability increases the expected costs and reputational risks of tax avoidance, leading banks to favor conservative financial strategies.

Table 4

The impacts of CEO and Board characteristics on tax avoidance behaviour of commercial banks in Vietnam

Variable	Tax Avoidance	
	CTA1	CTA2
<i>CEO_gender</i>	0.00247 (0.77)	0.00295 (1.11)
<i>CEO_experience</i>	-0.00598*** (-5.49)	-0.00399*** (-4.58)
<i>CEO_board</i>	0.00460** (2.52)	0.000867 (0.56)
<i>Board_size</i>	0.00943** (2.35)	0.0129*** (3.52)
<i>Board_independent</i>	0.000191 (0.02)	-0.0124 (-1.51)
<i>Board_foreign</i>	-0.00313 (-0.39)	-0.00616 (-0.93)
<i>Board_female</i>	-0.0175*** (-2.97)	-0.0192*** (-3.62)
<i>Leverage</i>	-0.00998 (-0.34)	0.0576** (2.15)
<i>Fixedassets</i>	-0.159 (-1.36)	0.0885 (0.94)
<i>Bank_size</i>	-0.00462*** (-3.50)	-0.00446*** (-3.96)
<i>Bank_age</i>	-0.00258 (-0.81)	-0.00474* (-1.65)
<i>GDP</i>	-0.00043 (-1.09)	0.0000233 (0.07)
<i>Inflation</i>	0.00384*** (9.92)	-0.000831 (-1.23)
<i>Observations</i>	355	299

Notes: ***, **, * denote statistical significance at 1%, 5%, and 10% levels, respectively. *t*-statistics are in parentheses

The Moderating Effects of the Covid-19 Pandemic

First, the results show that COVID-19 has a positive impact on the tax avoidance behavior of commercial banks; that is, during the crisis period, banks tend to increase tax planning to reduce the tax burden. According to Agency Theory (Jensen & Meckling, 1976), when profits are threatened, pressure from shareholders forces management to find ways to optimize after-tax profits, and legal tax avoidance becomes a viable tool. In fact, the COVID-19 period has caused a sharp increase in credit risk provisioning costs, higher working capital needs, and reduced profit margins; therefore, banks are forced to look for sources of cost savings, in which reducing tax obligations is a direct and quick-acting option. This is consistent with

international studies (Kubick et al., 2016; Salhi et al., 2020) showing that economic crises cause businesses to step up tax strategies to offset the decline in profits.

Table 4

CEO, Board characteristics on tax avoidance behaviour: the moderating role of the COVID-19 pandemic

Variable	Tax Avoidance	
	CTA1	CTA2
<i>CEO_gender</i>	0.00162 (0.60)	0.00109 (0.50)
<i>CEO_experience</i>	-0.00553*** (-5.02)	-0.00421*** (-9.49)
<i>CEO_experience x COVID</i>	0.00397* (1.72)	0.00196 (1.30)
<i>CEO_board</i>	0.00410** (2.08)	0.00198* (1.72)
<i>CEO_board x COVID</i>	-0.00222 (-0.53)	-0.00808*** (-3.59)
<i>Board_size</i>	0.00343 (0.87)	0.00696*** (2.67)
<i>Board_size x COVID</i>	0.00334 (0.40)	-0.00488 (-0.84)
<i>Board_independent</i>	0.0135 (1.33)	-0.00862 (-1.62)
<i>Board_foreign</i>	-0.00254 (-0.33)	-0.0203*** (-5.03)
<i>Board_female</i>	-0.00995*** (-1.81)	-0.0132*** (-2.89)
<i>Board_female x COVID</i>	0.0116 (1.03)	0.0118 (1.31)
<i>COVID</i>	-0.0531*** (-2.64)	-0.0379*** (-2.81)
<i>Controls</i>	Yes	Yes
<i>Observations</i>	355	299

Notes: ***, **, * denote statistical significance at 1%, 5%, and 10% levels, respectively. *t*-statistics are in parentheses

Second, COVID-19 reduced the negative impact of concurrently serving as a board member on tax avoidance. Under normal conditions, CEO participation in the board can strengthen the consistency between management and supervision, aiming to balance profits and legal compliance, thereby reducing tax-avoidance behavior (Boussaidi & Hamed-Sidhom, 2021). However, when a pandemic occurs, urgent financial pressure forces concurrent CEOs to prioritize short-term performance improvement measures, including more aggressive tax strategies. In addition, disruptions in monitoring activities (due to social distancing, online meetings, and reduced meeting frequency) can weaken control effectiveness, creating conditions for increased tax planning. This is consistent with the argument of He et al. (2016) that during a crisis, monitoring mechanisms that are effective during stable periods may weaken, leading to changes in governance.

Third, COVID-19 reduced the positive impact of CEO experience on tax avoidance. Under normal circumstances, experienced CEOs often leverage their knowledge of banking operations, legal regulations, and networks to apply sophisticated tax techniques, thereby increasing tax avoidance (Lanis & Richardson, 2011; Astutik & Venusita, 2020). However, during the pandemic, governance strategies may shift to “preserving liquidity” and “reducing legal risk,” especially in the context of government support packages and increased financial sector supervision. This makes experienced CEOs more concerned about reputational and legal risks, reducing their tendency to over-implement tax strategies. This evidence is consistent with the research of Ali et al. (2024) and Salhi et al. (2020), which shows that in uncertain contexts, experienced managers tend to switch to safer strategies to ensure long-term stability.

Conclusion

This study examines the impact of Chief Executive Officer (CEO) and Board of Directors (BOD) characteristics on the tax avoidance behavior of 31 Vietnamese commercial banks over the period 2012–2023, while also analyzing the moderating role of the COVID-19 pandemic. The findings reveal that banks’ tax-avoidance behavior is strongly shaped by both top executive attributes and macroeconomic conditions. Specifically, CEO experience is positively associated with tax avoidance, whereas CEO participation on the board and larger board size are linked to lower levels of such behavior. Moreover, a higher proportion of female directors on the board and a larger bank size are associated with greater tax avoidance. Additionally, inflation exerts a negative effect on tax avoidance, suggesting that banks tend to adopt more conservative tax strategies under macroeconomic instability. Notably, COVID-19 positively influenced tax-avoidance behavior overall, while moderating key governance effects: it weakened the negative influence of CEO duality and the positive effect of CEO experience on CTA.

Based on the findings, the authors propose the following suggestions for banks and regulators. First, the results indicate that banks led by CEOs with greater managerial experience tend to engage in higher levels of tax avoidance. However, this also reflects a tendency to exploit available opportunities to minimize tax burden. Therefore, regulators should adopt stricter tax audit and inspection mechanisms for banks with highly experienced executives while simultaneously promoting transparency and accountability in strategic tax-related decision-making. Second, the findings show that when the CEO also serves as a board member, tax avoidance tends to decrease. This implies that banks may consider governance structures that encourage CEO participation on the board of directors, thereby fostering alignment between management and oversight, which, in turn, constrains excessive tax-related practices. Third, the results reveal that larger banks are more likely to engage in aggressive tax strategy. Consequently, regulatory authorities should focus on monitoring large banks that possess the resources and networks necessary to implement sophisticated tax-avoidance measures. Simultaneously, transparent reporting mechanisms and adherence to international standards should be enforced to ensure that the scale is not misused for excessive tax optimization.

Although we have already tried to cover most of the issues relating to the influence of Board and CEO characteristics on tax avoidance behavior, our research is limited in terms of sample size, independent variables, and measures of tax avoidance. First, the dataset covers only

Vietnamese commercial banks during the period 2012–2023, which constrains the generalizability of the findings when compared with other emerging markets or non-financial sectors. Second, the analysis focuses primarily on governance characteristics (CEO and board of directors) while excluding other potentially influential factors such as ownership structure, industry competition, and organizational culture, all of which may significantly shape tax behavior. Third, although two measures of tax avoidance (CTA1 and CTA2) are employed, they cannot fully capture the diversity of tax tools and strategies that banks may adopt in their tax planning.

We suggest that future research can be expanded in three directions as follows. First, comparing the tax avoidance behavior of Vietnamese banks with that of banks in other emerging economies in Southeast Asia allows for a deeper assessment of the institutional context. Second, incorporating additional factors, such as ownership structures, the extent of foreign investor participation, or the role of independent auditors, could provide a more holistic understanding of tax governance.

This study makes two key contributions to the existing literature on tax avoidance and corporate governance. Theoretically, it applies Upper Echelons Theory and Agency Theory to the banking industry in an emerging market. It provides empirical evidence that board structures, CEO experience, and CEO duality influence tax planning in ways that are both similar to and different from previous studies conducted in non-financial contexts. By demonstrating that experienced CEOs increase tax avoidance while larger and more diverse boards constrain it, this research provides multi-dimensional insights into how executive attributes and governance mechanisms jointly influence corporate tax behavior. Contextually, the study is among the first to examine Vietnamese commercial banks over an extended period (2012–2023), capturing major institutional changes, regulatory reforms, and the disruptive effects of the COVID-19 pandemic. The results show how governance structures and macroeconomic shocks combine to moderate the impact of board and CEO traits on tax evasion. By doing this, this study contributes to the global discussion on taxation and governance while also providing evidence particular to a certain region, which helps regulators, policymakers, and banking professionals in developing nations where governance and regulatory enforcement capabilities are still developing.

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