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Does Tax Enforcement Digitalization Matter for Corporate Disclosure Readability? Evidence From China

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Abstract

This study employs a difference-in-differences methodology to analyze how digital tax enforcement reforms influence corporate disclosure readability. Utilizing panel data from Chinese non-financial listed firms, the findings indicate that tax enforcement digitalization significantly improves financial report readability, consistent with the *governance hypothesis*. Further analysis reveals that both external monitoring mechanisms and internal control frameworks serve as statistically significant effect modifiers, suggesting that stricter tax enforcement reduces insider information advantages in market interactions by playing a governance role.

Keywords: tax enforcement; digitalization; readability; information disclosure; China