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Analysis of the impact of International Financial Reporting Standards on taxation: Global trends and challenges

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Abstract

The study investigates how the adoption of IFRS has affected taxation worldwide. Bibliometrix and VOSviewer were used to assess 278 pertinent publications based on data from the Scopus database. Networks of collaboration, publishing trends, and research trends were found. According to the findings, the adoption of IFRS has increased the comparability and transparency of financial statements, but it has also made fiscal planning more difficult because accounting and tax rules diverge. The tax base and fiscal planning are greatly impacted by the implementation of IFRS, which also affects tax laws and revenue collection. According to the reviewed research, IFRS can enhance the correlation between accounting estimates and future cash flows and enable tax-motivated income shifting. However, each nation's unique legal and economic environment determines how effective it is. Fiscal conflicts, governance, and economic competitiveness are important thematic areas. The study concludes that while IFRS has benefits for financial transparency, it is essential to apply them in a way that is specific to each jurisdiction in order to optimize the advantages and minimize the disadvantages.

Keywords: Bibliometric analysis, Financial transparency, Fiscal planning, IFRS, Taxation.

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1. Introduction

Global accounting methods have been significantly impacted by the adoption of International Financial Reporting Standards (IFRS), which have improved financial statement comparability and transparency [1]. However, their impact on taxes has generated a lot of discussion. According to certain research, applying IFRS correctly is essential for improving financial reporting accuracy and reducing tax-related errors [2].

Furthermore, studies on Iraqi banks show that IFRS adoption improves the relationship between accounting estimates and future cash flows, giving managers better forecasting skills and a favorable impact on tax strategies [3]. Furthermore, an analysis of the value relevance of IFRS adoption in various nations shows that its application has a range of taxation-related implications, with discernible changes in book value and relevance noted after IFRS adoption [1].

The tax base and businesses' financial planning are impacted by IFRS, which can have a significant impact on tax laws and revenue collection [4].

Using particular inclusion and exclusion criteria to guarantee the quality and relevance of the data, this study gathers and examines pertinent papers using the Scopus database. To map keywords, find research patterns, and perform a quantitative study of scientific output, tools such as Bibliometrix and VOSviewer are utilized.

The need to comprehend how IFRS impacts taxes and the significance of offering data that can help researchers and policymakers create practical plans for applying these standards in various legal and economic circumstances serves as the rationale for this work. By tackling this problem, the goal is to help people better understand the advantages and difficulties of using IFRS in taxation, which will help them make well-informed decisions and create strong public policies.

This article's goal is to perform a thorough bibliometric study of the body of research on how IFRS affects taxes. This study aims to find research trends, publication patterns, and networks of collaboration in this subject using bibliometric approaches. It also seeks to draw attention to the primary obstacles that governments and businesses face when implementing IFRS in the tax environment, offering a strong empirical foundation for further study and public policy.

2. Methodology

2.1. Study Design

To examine the body of research on the connection between taxes and International Financial Reporting Standards (IFRS), this study employs a bibliometric approach. By identifying research trends, patterns of collaboration, and new themes in a particular discipline, bibliometrics enables the quantitative assessment of scientific output.

2.2. Data Source

The Scopus database will be used to collect the data. This database was chosen because it covers a wide range of scientific publications and is well-known in the academic world.

2.3. Search Strategy

To find pertinent articles about how IFRS affects taxes, a particular search formula was created. The following search equation was applied: "International Financial Reporting Standards" or "IFRS" or "NIIF" AND "taxation" or "tax" or "taxation in the economy" are the keywords.

2.4. Search Procedure

- Initial Search: The search equation was executed in the selected databases to identify relevant publications.
- Inclusion and Exclusion Criteria: Three inclusion and exclusion criteria were applied:
    1. Exclude the year 2024 as it is the current year.
    2. Select four types of documents: journal articles, conference papers, reviews, and book chapters.
    3. Select all available languages.
- Data Download: The selected articles were downloaded in comma-separated values (CSV) format.
  Bibliometric Analysis

1. Productivity and Citation Analysis: To find temporal patterns in IFRS and taxation research, the annual number of publications and citations was assessed.
2. Thematic Area Analysis: The fields that contributed the most to the study of taxation and IFRS were determined.
3. Keyword Mapping: Keyword co-occurrence analysis was used to determine the most researched subjects and publication patterns.

2.4. Analysis Tools

Tools like VOSviewer and Bibliometrix were employed for the bibliometric analysis. While VOSviewer enables the visualization of bibliometric networks, which makes it easier to spot patterns and links in the data, Bibliometrix is an R tool designed to perform thorough bibliometric analysis.

2.5. Validation

Two researchers independently reviewed the search strategy and article selection procedures to guarantee the validity and reliability of the analysis.

2.6. Limitations

One of the study's potential drawbacks is its dependence on a database that may not contain all pertinent material. The explanation of the findings will address these limitations.

A thorough and quantitative assessment of the body of research on the connection between IFRS and taxes will be possible with this methodology, offering a strong foundation for comprehending the issues and trends in this area of study.

3. Results

The initial search resulted in 317 documents; after applying the three inclusion and exclusion criteria, 278 documents remained. The data were downloaded in CSV format and included the following information: author names, document title, publication year, citation count, document type, author affiliations, and the original language of the document.

3.1. Productivity and Citation Analysis

Over the years, there have been variations in the output and citations of research on IFRS and taxation. The number of publications has changed greatly from 2003 to 2023, with 31 documents published in 2023 marking a remarkable peak, according to data analysis. Particularly in recent years, the publishing variation rate has grown significantly; in 2023, it increased by 24% over the previous year. With a peak of 269 citations in 2016, the quantity of citations hasn't shown a steady trend. The citation variation rate has also fluctuated, with a remarkable increase of 508% in 2016 compared to the previous year, although in other years, such as 2021, it only increased by 1%. Although the number of publications has increased in recent years, this has not always translated into a higher number of citations, suggesting variations in the quality and impact of the research.

Figure 1 illustrates the upward trend in publications and shows how citations have fluctuated each year. Additionally, it is observed that publications have grown considerably, reaching a peak in recent years. This reinforces the idea that IFRS in taxation has gained relevance as a critical study topic in the 21st century, driven by the need to adapt to constant regulatory and technological changes; however, the quality and impact have been reduced.

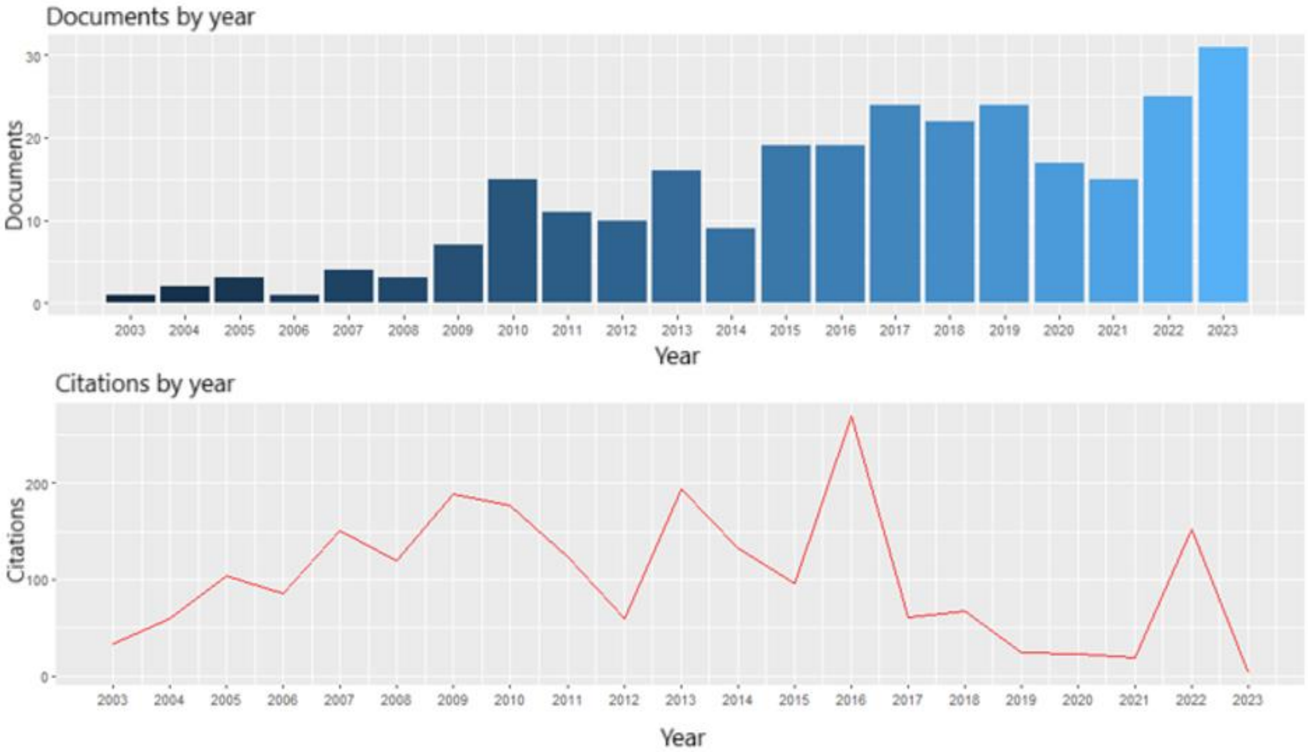

Figure 1.
Publications and Citations by Year.

The first document in the study appeared in Ucieda [5] study highlights that the implementation of IAS/IFRS standards can have significant implications for the tax valuation of fixed assets due to the prohibition of revaluations established by tax law. Ucieda [5] suggests that the adoption of IFRS in 2007 will reduce the frequency and materiality of most adjustments in reconciliations to US GAAP. The first document found has garnered only four citations since its publication.

In the first ten years of the study, that is until 2013, 26.25% of the total documents were published. The two most cited articles during the 20 years of the study belong to the period of the first ten years, with 136 and 120 citations, respectively. The most cited document is the study by [6] which found that IFRS has a significant impact on corporate taxation, especially in the accounting for deferred taxes. This is because IAS 12, which governs the accounting for deferred taxes, conceptually differs from the UK's FRS 19, particularly in its approach to temporary differences in the accounting and tax bases. Therefore, the increase in the number of fair value items on the balance sheet will impact the deferred tax charge and the effective tax rate under IFRS. This suggests that the adoption of IFRS can influence tax planning and the tax outcomes of companies compared to the usual practices in the UK or other jurisdictions that do not follow IFRS.

The second most cited document, with 120 citations, is a study by Larson and Street [7]. This study examines the progress and perceived impediments toward convergence in 17 European countries directly affected by the EU's decision. These countries include: (1) the 10 new EU members, (2) EU candidate countries, (3) European Economic Area (EEA) countries, and (4) Switzerland. Data collected by the six largest international accounting firms during their 2002 convergence survey were used. Additionally, events and subsequent studies were analyzed. Although all the surveyed countries will require or effectively allow listed companies to prepare consolidated financial statements in accordance with IFRS by 2005, few are expected to require IFRS for non-listed companies. This suggests the development of a "two-tier" system. The two most significant impediments to convergence identified by the survey are the complicated nature of certain IFRS (including financial instruments) and the tax orientation of many national accounting systems. Other obstacles to convergence include underdeveloped national capital markets, lack of guidance on the initial application of IFRS, and limited experience with certain types of transactions (e.g., pensions).

3.2. Thematic Area Analysis

International Financial Reporting Standards (IFRS) and taxation have received contributions from 17 thematic areas. The largest contribution comes from the area of Business, Management, and Accounting, with 41.4% of the contributions. It is followed by Economics, Econometrics, and Finance, which represent 33.8% of the contributions. In third place is Social Sciences, contributing 9.9% of the documents. Engineering occupies the fourth position with 3.1% of contributions, followed by Agricultural and Biological Sciences with 1.7%. The remaining thematic areas represent 48.2% of the documents (Figure 2).

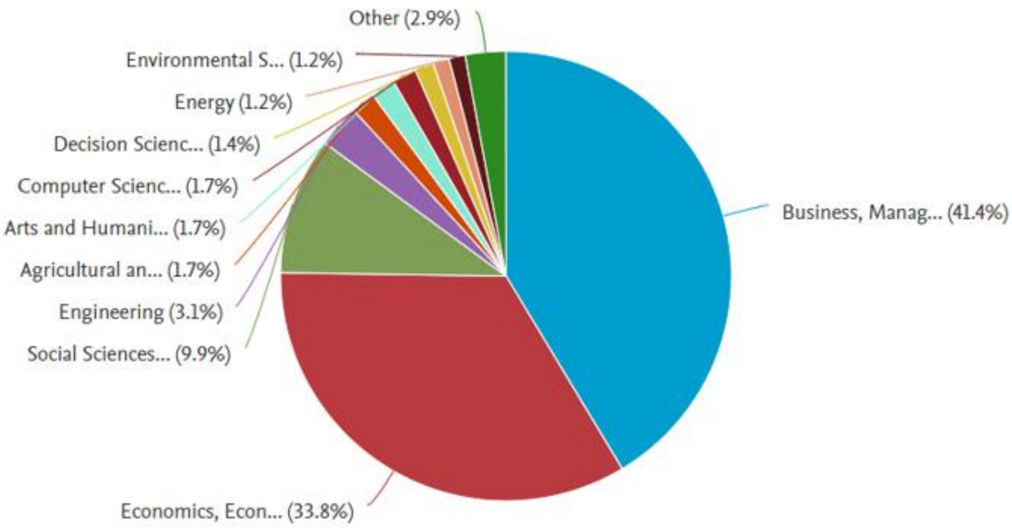

Figure 2.
Documents by Thematic Area.

The area of Business, Management, and Accounting contributes with 214 documents, with the most cited in this area corresponding to the two most cited in the 20 years of study. The third article with the most significant impact (n=77 citations) corresponds to the study by Larson and Street [7]. This study, titled "Does a Common Set of Accounting Standards Affect Tax-Motivated Income Shifting for Multinational Firms," provides valuable insights into how the adoption of International Financial Reporting Standards (IFRS) can facilitate tax-motivated income shifting among multinational firms. De Simone examines whether the adoption of IFRS allows multinational entities (MNEs) to justify transfer pricing that is tax-beneficial by using a common set of accounting standards. Using a database of unconsolidated financial and ownership information in the European Union (EU), the study identifies a significant 17.5% change in pre-tax income motivated by taxes following the adoption of IFRS by affiliates, compared to no change in income shifting behavior for non-adopters.

This study is based on data collected during the period from 2001 to 2010 and demonstrates that the adoption of IFRS increases the number of potential peer firms, which could allow opportunistic managers to justify more tax-advantageous transfer pricing. The two most significant impediments to convergence identified are the complicated nature of certain IFRS, including financial instruments, and the tax orientation of many national accounting systems [6].

In the field of Economics, Econometrics, and Finance, 175 documents have been produced, with the studies by Larson and Street [7] and De Simone [6] being the most cited.

Ranked third in terms of significant impact, as indicated by citation count, is the study by Chan et al. [8], which explored how transitioning from a tax-based accounting system to the adoption of International Financial Reporting Standards (IFRS) affects tax noncompliance. The authors also investigated whether this shift, which reduces the alignment between financial and tax records, influences the usefulness of book-tax differences in detecting tax noncompliance. Their results indicate that as the alignment between book and tax records decreases, instances of tax noncompliance tend to increase. Although differences between book and tax records still provide valuable insights into tax noncompliance, their effectiveness diminishes as alignment weakens. It was noted that companies with strong motivations to inflate book income are more inclined to meet tax obligations than those operating under a system not linked to taxation [9].

Among other significant studies is the work of Kolsi [10], which has garnered 25 citations in the field of social sciences. This study offers practical recommendations for accounting authorities in the UAE to enhance the quality of financial reporting, in alignment with the 2015 Commercial Companies Law, which requires the mandatory adoption of IFRS by all publicly listed companies. Another notable study by Tang [11] within the engineering field it is distinguished as the most impactful in its category, with 41 citations. Tang's research investigates whether maintaining alignment between financial and tax records (i.e., minimizing the gap between reported financial income and taxable income) can deter managers from opportunistically reporting financial and taxable earnings. Empirical studies on this relationship have been scarce and have yielded inconsistent outcomes. Analyzing publicly accessible financial data from 16,739 firms across 32 countries between 1994 and 2007, Tang developed a new measure for mandatory conformity. The findings suggest that greater alignment between financial and tax records correlates with lower levels of earnings manipulation and tax evasion. These conclusions remain consistent even after accounting for company-specific characteristics and institutional factors such as legal enforcement, investor protection, legal system types, capital market development, and IFRS adoption. Further analysis shows that the deterrent effect of alignment on earnings manipulation is more pronounced in civil law countries, but it does not significantly vary between IFRS adopters and non-adopters, nor between mature and emerging capital markets.

3.3. Keyword Mapping

Figure 3 is a network visualization that shows the relationship between different relevant concepts in the economic and financial realm. The nodes represent various topics, such as international accounting standards (IFRS) and tax avoidance, and the connections between them indicate thematic associations or relationships. IFRS is linked with sustainable development, fiscal risks, economic security, and the digital economy, highlighting its importance in financial management and transparency. On the other hand, tax avoidance is related to governance quality, the impact of the COVID-19 pandemic, tax audit experience, formal institutions, fair value accounting, the agricultural sector, Iraq, business competitiveness, and tax burden. The connections between IFRS and tax avoidance, especially through topics such as governance quality and the impact of COVID-19, underscore the interdependence of these concepts in the global economy. This visualization suggests that the adoption of IFRS and tax avoidance practices has significant and diverse implications for the economy and fiscal policy, affecting both financial transparency and tax equity.

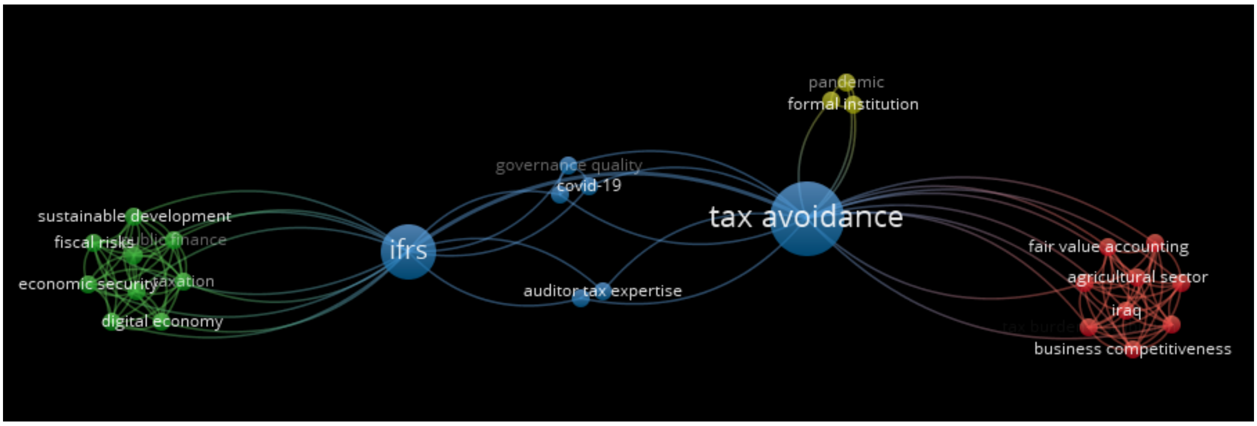

Figure 3.
Co-occurrences of Keywords.

The keyword mapping of the study topic resulted in 4 clusters, with Table 1 presenting the keywords grouped in each cluster.

Several significant tendencies are shown by the examination of articles on taxes and IFRS (International Financial Reporting Standards). Within the cluster titled "Fiscal Policies and Economic Competitiveness," there is an increasing focus on the ways that accounting standards and fiscal policies impact businesses' competitiveness, particularly in industries like agriculture [12]. E-tax systems, also known as electronic tax systems, are becoming more and more popular as instruments to increase transparency and fiscal efficiency [12, 13]. Concerns regarding equality and fiscal sustainability are also reflected in the recurrent subject of fiscal justice, which covers tax compliance and the distribution of the tax burden [14].

The digitalization of the economy and its effects on economic security are major topics in the "Economic and Fiscal Governance" cluster [15]. Legalizing informal activities and enhancing public financial transparency are important research topics for improving economic governance. Furthermore, a great deal of attention is paid to how fiscal policies can assist with state-owned enterprise management and sustainable development [16], emphasizing the connection between fiscal policy and long-term development objectives.

The "Fiscal and Governance Conflicts" cluster highlights the value of governance quality and tax audit experience, especially in relation to liquidity management and IFRS standards [17]. The impact of the COVID-19 epidemic on tax evasion and fiscal hazards has attracted a lot of attention [15]. Furthermore, there is continued examination of unjust tax practices and their effects on the world economy, as seen by the continued concern and research around tax evasion and the usage of tax havens [18].

Finally, in addressing the pandemic crisis, the "Institutions and Pandemic Crisis" cluster emphasizes the distinctions and difficulties between formal and informal institutions [19, 20]. The pandemic has highlighted the necessity of evaluating institutions' ability to adapt to international crises and their economic resilience [21]. Given the significance of institutional resilience during times of crisis, there is a noticeable interest in how institutions have responded—or not—to the circumstances imposed by the pandemic.

Multidisciplinary publication trends on IFRS and taxation cover a wide range of topics, including sustainable development, fiscal transparency, and business competitiveness. Global events like the COVID-19 pandemic, technology, and the digitalization of the economy have all had a significant impact on research, emphasizing the necessity for transparent and equitable fiscal policies. The allocation of taxes and fiscal justice continue to be major issues, highlighting the significance of just and long-term fiscal policy.

Table 1.
Author's Keyword Co-occurrences.

Clúster	Palabras claves
Fiscal Policies and Economic Competitiveness	Agricultural sector, business competitiveness, e-tax systems, fair value accounting, IFRS 13, Iraq, tax burden distribution, tax compliance, tax justice
Economic and Fiscal Governance	Digital economy, economic security, fiscal risks, legalization of activity, public finance, state-owned enterprisses, sustainable develepment, taxation, transparency
Fiscal and Governance Conflicts	Auditor tax expertise, covid-19, governance quality, ifrs, liquidity, tax avoidance, tax haven
Institutions and Pandemic Crisis	Formal institution, informal institution, pandemic

3.4. Long-Term Consequences of IFRS Adoption

The potential long-term consequences of adopting International Financial Reporting Standards (IFRS) on taxation and fiscal planning may include:

1. Increased Divergence Between Accounting and Taxable Profits: The difference between taxable and financial statement earnings may increase as a result of the implementation of IFRS. Businesses may take advantage of this loophole to lower their tax obligations, which could result in more opportunities for tax evasion. Companies that adopted IFRS have shown a propensity to manage profits under Russian Accounting Standards (RAS) upward in order to bring them closer to those reported under IFRS, as demonstrated by Turner and Wheatley [22]'s investigation in the context of Russia. Because taxes are computed using the profits reported under RAS, this convergence leads to a greater discrepancy between accounting and taxable income statistics. Higher tax burdens have resulted from the convergence of RAS with IFRS, which has increased earnings. This has highlighted the disparity between profits reported for accounting purposes and those used for tax purposes. This effect might be attributed to IFRS's stricter oversight requirements, which prohibit businesses from disclosing significant disparities between the two reporting systems, even if doing so raises their tax obligations Turner and Wheatley [22].
2. Greater Complexity in Tax Planning: Companies may need to modify their long-term tax plans in order to transition to IFRS since they must adjust their procedures to meet the new requirements. This can make tax planning more difficult and force businesses to constantly update their strategies to optimize tax efficiency and comply with evolving laws [23].
3. Impact on Tax Revenue: The taxable base of businesses may change as a result of the implementation of IFRS, which could change state tax collections. If businesses successfully reduce their tax liabilities using IFRS-based tax planning tactics, this could occasionally lead to lower tax collections [24].
4. Modification of National Tax Policies: Governments may need to modify their tax laws to better conform to the new accounting standards as nations embrace IFRS. This could have an impact on company taxation in other areas, such as tax rates and permissible deductions [23].

These outcomes highlight the necessity of a strong regulatory framework to lessen the adverse effects of IFRS implementation on long-term revenue collection and tax planning.

3.5. Impact of IFRS Adoption on Taxation and Financial Transparency

Taxation is greatly impacted by the adoption of International Financial Reporting Standards (IFRS), particularly in situations where institutional and legal frameworks differ significantly. In nations with robust governance and common law systems, IFRS tends to increase financial transparency and decrease tax evasion. The distinction between tax and financial accounting, on the other hand, leads to more difficulties and encourages aggressive tax planning in nations with weaker institutions or code law systems. According to studies like [24], the legal system in each nation and the quality of the institutions are important determinants of how well IFRS reduces tax evasion Furthermore, according to Bengtsson [25] nations with less developed governance typically implement IFRS for the alleged short-term gains, but the long-term benefits may be limited by improper enforcement.

3.6. Financial Forecasting and Taxation Under IFRS

Numerous research studies have looked into how IFRS affects financial forecasting and how it relates to taxes. Predicting future cash flows and earnings is not always enhanced by accounting data on carried forward tax losses and negative returns that are gathered under IFRS. In fact, overfitting problems in the financial models may sometimes make these projections less accurate [9].

3.7. Impact on Earnings Management and Financial Transparency

The quality of financial data and earnings management techniques has been affected differently by the adoption of IFRS in various jurisdictions. Following the mandated implementation of IFRS, small and medium-sized enterprises (SMEs) in emerging economies such as Colombia have demonstrated only modest decreases in earnings manipulation methods. Changing accounting numbers to lower tax costs has been the most common strategy. Contextual elements, including ownership structure, the regulatory environment, and tax incentives, affect how effective IFRS is, despite its goal of improving comparability and transparency [26].

This study shows that although IFRS has benefits for governance and openness, its effects on taxes and the quality of financial data differ greatly based on the institutional and economic context of each nation.

4. Discussion

The findings of the bibliometric analysis of how International Financial Reporting Standards (IFRS) affect taxes highlight a number of significant patterns and have significant ramifications for global accounting standards and fiscal policy.

4.1. Accounting and Fiscal Compliance

Tang [11] analysis demonstrates that lower levels of tax evasion and earnings manipulation are linked to higher levels of conformity between accounting and tax records. This alignment may be a useful tactic to increase financial transparency and lessen managers' opportunistic actions. Chan et al. [8] However, it shows that when compliance deteriorates, the informativeness of book-tax differences declines, underscoring the significance of implementing controls and monitoring in a decoupled system. These results imply that strategies for the adoption of IFRS need to be properly thought out, especially in countries where tax and accounting systems are tightly related.

4.2. Impact of Legal Frameworks

Kolsi [10] emphasizes the critical role that institutional features play in the successful implementation of IFRS, pointing out that the deterrent effect of IFRS on earnings manipulation is more noticeable in nations with civil law systems. To be as effective as possible, adoption laws should be customized to each nation's unique legal and economic circumstances. The implementation of IFRS has more successfully decreased financial opacity in common law nations like the UK [27]. In contrast, civil law nations like France and Germany face more difficulties integrating IFRS because of their focus on internal and tax laws. This implies that the quality of local institutions is inextricably connected to the implementation of IFRS.

Furthermore, although many nations have legally accepted IFRS, Agana et al. [28] and Bengtsson [25] note that the true influence of this standard is contingent upon the caliber of local institutions. According to this research, a nation's capacity to successfully apply international standards depends heavily on its legal and regulatory framework, and those with less robust frameworks frequently encounter additional difficulties.

4.3. Challenges in Emerging Economies

According to Ma et al. [29] in Pakistan, where IFRS adoption in the banking industry is contingent upon the regulatory framework and institutional backing, the efficacy of IFRS differs significantly among emerging economies. Kurauone et al. [14] Also, point out that IFRS can increase tax transparency in Africa, but further reforms are needed to optimize its effects. According to these studies, the adoption of IFRS may be less successful in nations with laxer regulatory frameworks, resulting in uneven financial data and little company comparability.

4.4. Income Shifting and Tax Planning

Income shifting between jurisdictions is impacted by the introduction of IFRS, particularly for multinational firms. According to De Simone [6] transfer pricing, which can reduce the tax base in nations with weaker fiscal frameworks, can be justified by IFRS, hence facilitating advantageous tax planning. Future research on this problem is necessary, with a focus on how IFRS affects various regulatory environments and how tax authorities might lessen the adverse consequences of income shifting.

4.5. Benefits and Challenges of IFRS

The adoption of IFRS has several advantages, such as improved comparability and transparency of financial statements. The implementation of IFRS, for instance, has enhanced the quality of financial reporting and boosted confidence in the data provided [30]. But there were also expenses associated with tax harmonization and the requirement that financial statement preparers receive more training. Przygoda [18] draws attention to the difficulties in classifying and valuing financial assets under IFRS, arguing that discrepancies between OECD Transfer Pricing Guidelines and IFRS make international taxation and fiscal planning more difficult.

4.6. Critical Perspectives

It is crucial to recognize that even with IFRS's advantages, there are challenges associated with its implementation. Ma et al. [29] and Kolsi [10] caution about the difficulties small and medium-sized businesses (SMEs) and emerging countries have when adjusting to global norms. According to Braga [23], SMEs may become overburdened by the increased complexity of financial reporting brought about by IFRS. Similarly, according to De Simone [6], IFRS may make tax avoidance easier in some situations, suggesting that its effects on fiscal transparency are not always favorable.

4.7. Technological Implications

Accounting and tax administration are changing as a result of emerging technologies. The adoption of IFRS has been made easier by the use of sophisticated software and the automation of tax procedures, which has increased productivity and decreased tax evasion. However, Ma et al. [29] stress that technological integration is not uniform, particularly in smaller businesses in emerging economies where the fair adoption of new technologies is hampered by a lack of resources.

However, Méndez-Morales et al. [13] a study on intangible assets (IA) in Colombian businesses shows that while IAs are crucial for creating value, businesses do not always use them to increase profitability. According to this study, in order to optimize the influence of IAs on corporate performance and improve their use, tax and accounting policies should be modified.

4.8. Policy Recommendations

Several useful suggestions for policymakers about the implementation and management of IFRS are made in light of the study's findings. In order to ensure that local tax laws are in line with the new international accounting standards, governments must first establish clear regulatory frameworks that ease the transition to IFRS. This can be accomplished by developing useful policies and providing accounting and tax professionals with training. Second, as SMEs may encounter financial and administrative challenges in fulfilling their IFRS disclosure requirements, governments ought to consider creating tax breaks or subsidies for them.

In order to prevent businesses from using IFRS as a means of financial reporting manipulation or tax avoidance, it is imperative that supervisory and auditing procedures be strengthened. These steps can enhance tax collection, promote a fairer business environment, and increase transparency and the quality of financial data.

4.9. Future Research

Although this study has provided a thorough review of the implementation of IFRS and its financial ramifications, more research is needed in a few areas to fully comprehend the influence of these standards. Future studies could first compare developed and emerging economies, examining the effects of particular elements in each jurisdiction, such as the regulatory framework and levels of economic development, on the application and results of IFRS.

It would also be beneficial to investigate how technological advancements like automation and artificial intelligence affect tax administration and the adoption of IFRS; this is an issue that is becoming increasingly relevant but has not yet received enough empirical research. The social impact of IFRS, especially regarding equity and the difficulties SMEs face in implementing it compared to large firms, is another crucial issue for future research. Lastly, more research is advised about possible conflicts between IFRS and local tax laws, as well as how government regulations might help ensure a more seamless adoption of these standards. These fields will not only close current gaps but also provide scholars and policymakers with a strong basis on which to expand on the study's conclusions.

5. Conclusion

A thorough picture of research trends, publication patterns, and networks of collaboration in this area is provided by the bibliometric analysis conducted on the effect of International Financial Reporting Standards (IFRS) on taxes. The findings indicate that the adoption of IFRS has garnered increasing scholarly attention, as evidenced by the notable rise in publications in recent years.

Due to the interdisciplinary nature of the study of IFRS and its effects on taxation, the most popular thematic areas are Business Management and Accounting, Economics, Econometrics, and Finance. The most frequently referenced research emphasizes the significance of accounting and tax standard convergence, as well as the difficulties in implementing IFRS across jurisdictions.

Additionally, the data shows that although IFRS can decrease tax evasion and increase financial transparency, its efficacy is primarily dependent on the unique legal and economic circumstances of each nation. Maximizing the advantages of IFRS requires strong regulatory frameworks, investor protection, and capital market growth.

It is emphasized that the application of IFRS must be properly thought out and customized to the unique characteristics of each legal and economic system. Future studies should concentrate on examining the ways in which international accounting standards can further enhance financial integrity and transparency on a global scale.

5.1. Limitations

It is crucial to recognize some limitations that could affect how the results are interpreted, even though this study offers a thorough bibliometric investigation of how International Financial Reporting Standards (IFRS) affect taxes. First, only papers that are indexed in the Scopus database serve as the basis for the analysis. Although this guarantees the inclusion of scholarly research of the highest caliber, it can leave out pertinent studies that have been published in other databases or non-indexed sources. Because it does not take into account studies from other locations or types of publications that are not included in Scopus, this limitation may skew the results.

Second, by definition, bibliometric analysis concentrates on numerical metrics like the quantity of publications, citations, and networks of collaboration. These indicators offer a general perspective on research trends and evolution, but they are unable to evaluate the actual impact or quality of the examined studies. Qualitative research that delves deeper into the particular findings of the literature should therefore be used to supplement the results. Last but not least, despite being meticulously crafted to include the most pertinent research, the keyword selection and search strategy may have overlooked studies that employ other terminology or methodologies. This could make it more difficult to identify some new fields or subjects that haven't been thoroughly covered in the literature yet.

Despite these drawbacks, the paper offers a thorough and insightful summary of worldwide IFRS adoption trends and their effects on taxes, assisting in identifying both research advancements and upcoming issues that require attention.

5.2. Social and Economic Implications

The adoption of IFRS has wider social and economic ramifications that may have an indirect impact on tax policies in addition to its direct consequences on taxation. Socially speaking, IFRS's promotion of financial transparency can boost investor confidence and the public's impression of the fairness of financial reporting, both of which may impact the legitimacy of national tax systems. Since aligning accounting standards with global best practices can fortify the regulatory environment and increase confidence in tax authorities, this could result in increased tax compliance by businesses.

Adoption of IFRS can also help local economies integrate into international markets, which will support long-term economic growth. However, there can be drawbacks to this integration, such as heightened global tax competitiveness that could impact some nations' tax bases. These indirect effects imply that the adoption of IFRS has the potential to alter social and economic behavior in addition to the taxable base, which could affect tax collection and economic policy in each jurisdiction.

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