

<https://doi.org/10.26565/2786-4995-2026-1-06>

UDC 336.2.657

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Disclosure of tax risks in financial statements: balancing transparency and confidentiality

Abstract. The object of the study is the disclosure of information on tax risks in companies' financial statements against the backdrop of heightened regulatory oversight and growing stakeholder demand for transparency. Key characteristics of the object include the multidimensional nature of risks (legal, operational, transfer-pricing, reputational), dependence on management judgment, and the need to balance transparency and confidentiality.

Problem statement. Users of financial statements require relevant and comparable information on tax uncertainties; however, the absence of a dedicated standard and divergent interpretations of the rules lead to heterogeneous practice and increase information asymmetry.

Unresolved aspects of the problem. Lack of harmonized materiality criteria for tax risks; a gap between financial and non-financial (ESG) disclosures; insufficient detail on assumptions, estimate sensitivity, and triggers for reassessing provisions; the dilemma of commercial sensitivity.

Purpose of the article. The study aims to analyze contemporary approaches to tax-risk disclosure under IFRS and to develop a practical, governance-aligned framework that balances transparency with confidentiality.

Presentation of the main material. The study applies analysis and synthesis, comparative-legal review of international and national norms, content analysis of companies' reporting, critical literature review, and expert evaluation. It systematizes typical mechanisms for tax-risk disclosure through: provisions, contingent liabilities, and uncertain tax treatments within current and deferred taxes. Incentives for enhanced transparency are grouped into regulatory, market, and internal drivers. Barriers to implementation are also identified. The article proposes four actionable recommendations: (1) clear, calibrated articulation of risks; (2) legal and professional validation prior to disclosure; (3) balanced note content commensurate with likelihood and impact; and (4) ongoing monitoring and internal control.

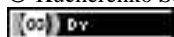
Conclusions. IFRS provide a methodological foundation for representing tax risks, yet practice remains fragmented. The proposed framework enhances comparability and decision usefulness, reduces information asymmetry, supports risk management and corporate governance, and helps lower the cost of capital and regulatory disputes. Its practical significance lies in providing tools to formalize disclosure policy and to construct transparent notes that meet the expectations of investors and supervisory authorities.

Keywords: *tax risks, financial reporting, disclosure of information, International Financial Reporting Standards (IFRS), contingent liabilities, provisions, tax transparency, ESG factors, corporate governance.*

Formulas: 0; fig.: 0, tabl.: 5, refs.:14

JEL Classification: H25, H26, M41

For citation: Kucherenko Serhii. Disclosure of tax risks in financial statements: balancing transparency and confidentiality. *Financial and Credit Systems: Prospects for Development*. №1(20) 2026. P. 76-87. <https://doi.org/10.26565/2786-4995-2026-1-06>



Introduction. Disclosure of tax risks in financial statements has attracted considerable attention in recent years due to heightened regulatory scrutiny, the evolution of tax policy, and stakeholders' demand for transparency. Tax management and tax risk management are increasingly recognized as key aspects of overall corporate governance, particularly in the context of environmental, social, and governance (ESG) criteria. This reflects a paradigm shift in the perception of taxation: no longer viewed solely as a matter of legal compliance, but as an integral component of a company's responsibility to stakeholders and society at large. Investors and other stakeholders are scrutinizing companies' tax practices—especially strategies that may be perceived as aggressive tax avoidance—because of the potential regulatory and reputational risks they entail. The tightening of oversight of tax practices is driven by concerns about their impact on long-term sustainability and the ethical dimensions of corporate conduct.

The contemporary regulatory environment is also undergoing substantial change, with new domains of tax risk and controversy emerging, making robust tax governance and its disclosure even more important for globally operating businesses. In addition, a series of corporate scandals in the past has underscored the urgent need to implement effective corporate governance practices, including transparency in tax-risk management and related disclosures. Stakeholders are demanding greater accountability and transparency from companies in risk management, particularly with respect to risks that may have significant financial or reputational impact.

Literature Review. In recent years, the disclosure of tax risks in financial statements has attracted significant attention within the international scholarly community due to heightened regulatory oversight, the evolution of tax policy, and stakeholders' need for reporting transparency. Recent studies examining this topic across different contexts, industries, and regulatory environments include the following. John & Akinsola [6] focus on the challenges inherent in disclosing tax risks in corporate restructurings. Yakubov, Abdullaev, & Pardaev [14] analyze the accounting for tax assets and liabilities, emphasizing that improved disclosure reduces uncertainty in financial reporting. Examining Serbian banks, Vržina [11] finds that less profitable banks and those with a lower tax burden tend to disclose more tax-related information. Wencel [12] studies Polish companies and concludes that the tax risk information disclosed in financial statements is largely general and symbolic rather than detailed, and thus tends to lack incremental value; firms begin to provide more information on tax risk primarily in response to audits and questionnaires by tax authorities concerning the tax consequences of their transactions. The findings of Pratama & Pratiwi [7] indicate that tax disclosure in Indonesia remains problematic due to the secrecy aspect of taxation, while lower tax evasion and stronger corporate governance correlate with higher levels of tax disclosure. The decisive influence of robust corporate governance and audit committee competence on the extent of tax disclosure is also highlighted by Almunawwaroh & Setiawan [1]. Ehinger, Lee, Stomberg, & Towery [5] show that although voluntary tax-risk disclosure improves users' information environment, it simultaneously draws substantial attention from tax authorities and may lead to increased scrutiny of firms. Analyzing Vietnamese real estate companies, Tuan et al. [10] conclude that a higher disclosure index is associated with a greater ability to identify and contain financial risks. Cordina, Kourtzidis, Power, & Tzeremes [2] analyze EU banks' disclosures in country-by-country (CbC) reports, finding that tax-haven status affects both the propensity toward tax risks and the transparency of financial reporting. Curtis [3] investigates tax footnote disclosures in corporate financial reports, finding that firms shift tax risks to low-tax jurisdictions without adequate disclosure. Wibowo, Hardyansah, Darmawan, Risman, & Rahmawan [13] examine inheritance (estate) tax reporting, showing that undisclosed liabilities can adversely affect financial outcomes. An expanding body of research links sustainability (ESG) reporting with tax transparency, suggesting that firms with stronger sustainability commitments generally exhibit better practices in disclosing tax risks. Specifically, DaRato [4] evaluates the effectiveness of SASB standards for revealing tax risks in the tobacco industry, while Tirtakusuma & Mais [9] conclude that sustainability-oriented firms report lower tax risks.

However, Ukrainian scholarship has so far paid limited attention to this issue.

Purpose, objectives and research methods. The primary aim of this study is to analyze contemporary approaches to the disclosure of tax risks in corporate financial statements and to substantiate a methodological framework for improving this process in accordance with international reporting standards and corporate governance transparency requirements. To achieve this aim, the study sets the following objectives: (1) to analyze the current state of regulatory guidance on tax-risk disclosure under IFRS; (2) to identify the features and shortcomings of tax-risk disclosure practices in Ukraine and abroad; (3) to assess the impact of ESG factors on the level of tax transparency; (4) to propose methodological recommendations for enhancing approaches to the disclosure of tax risks in financial reporting. The research methods employed include: analysis and synthesis—to identify factors influencing the level of disclosure; comparative legal analysis—to examine international and national financial reporting norms; content analysis—to study public companies' practices regarding tax information; critical literature review—to systematize approaches to tax-risk disclosure; and expert evaluation—to formulate recommendations that balance transparency with the protection of confidential information.

Research results. The study established that international financial reporting standards—such as IAS 1, IAS 12, IAS 37, and IFRIC 23—do not impose an explicit obligation to disclose tax risks; however, through the principles of materiality, disclosure of judgments, and contingent liabilities, they provide a basis for including such information in financial statements. The practice of tax-risk disclosure varies substantially across countries, industries, and companies, driven by differing levels of regulatory pressure, corporate culture, and users' information needs. Under IFRS, the most common approaches to accounting for tax risks are provisions (IAS 37), uncertain tax treatments within current/deferred tax (IFRIC 23/IAS 12), and contingent liabilities (IAS 37). Provisions and uncertain tax treatments are recognized based on significant management judgment and estimation, whereas contingent liabilities are not recognized but disclosed unless the possibility of outflow is remote. Companies tend to avoid detailed disclosure of tax risks due to: (1) concerns about increased scrutiny by tax authorities; (2) legislative complexity; (3) the lack of clear disclosure standards; (4) the commercial risks of disclosure; and (5) the costs of preparing relevant information.

Within the analysis, a system of incentives to disclose tax information was proposed, comprising: (1) regulatory incentives (mandates, sanctions, and the granting of tax advantages); (2) market factors (investor demands, reputational benefits, and reduced cost of capital); and (3) internal initiatives (ethical corporate governance, internal audit, and the deployment of IT solutions).

The study also develops recommendations regarding the format, scope, and level of detail of tax information in financial statements, grounded in a balance of the interests of companies, investors, and tax authorities.

Discussion. In the contemporary accounting system, there is a clear trend toward ensuring maximum transparency and accessibility of financial information for a wide range of users. This applies not only to state institutions but also to shareholders, investors, creditors, and other stakeholders.

The importance of corporate disclosure of tax information has increased due to numerous changes in national fiscal rules introduced in recent years to strengthen countries' tax systems and to prevent taxpayers from employing tax-avoidance schemes.

In line with international practice, issues of uncertainty and the associated tax risks may be presented in financial statements, supplemental management reports, on official websites, or in other publicly available information sources. For example, to enhance transparency and ensure public oversight, several European governments have introduced mandatory requirements for large enterprises to disclose tax information. Specifically, in the United Kingdom, beginning in mid-2016, His Majesty's Revenue and Customs (HMRC) made it mandatory for companies to publish

their tax strategy online; previously, such disclosure had been voluntary. The regulatory requirements provide for annual disclosure of tax-risk management mechanisms, the corporation's stance on tax planning, and its acceptable risk level. A similar decision was adopted by Poland's Ministry of Finance in 2020. The primary objective was to strengthen the transparency of large companies' activities and to create conditions for more detailed public scrutiny of their investment and tax strategies [8].

An important milestone for Ukraine was its accession, effective January 1, 2017, to the Programme for Enhanced Cooperation within the Organisation for Economic Co-operation and Development (OECD). This entailed the country's commitment to implement the minimum standards of the Base Erosion and Profit Shifting (BEPS) Action Plan.

In the context of disclosure, Action 12 of the BEPS project is of particular interest, as it provides for the establishment of regulatory requirements mandating taxpayers to report arrangements that bear hallmarks of aggressive tax planning.

Tax risks are becoming increasingly salient for the financial reporting of leading enterprises. They are ever more often central issues during audits and are highlighted in auditors' reports. This development is driven by a variety of factors, chief among them the significant volume of tax-related litigation. One may expect that information on tax risks will be presented with greater frequency and detail in financial statements and audit opinions.

It should be noted that neither at the international level nor in Ukraine is there a standalone "tax-risk disclosure" standard; nonetheless, a number of provisions do address the presentation of tax-related information.

As Wencel [12] notes, disclosure of tax risks in financial statements can potentially appear in the section describing material amounts based on management judgment and estimates; in the notes to the statement of financial position or to the statement of profit or loss with respect to income tax; as well as in the notes on provisions and contingent liabilities.

Thus, IAS 1 *Presentation of Financial Statements* sets out general requirements for the presentation of financial statements, including guidance on structure and minimum content. Although the standard does not explicitly require detailed disclosure of tax risks, its emphasis on the faithful representation of an entity's financial position and performance, together with the principle of materiality, implicitly supports the disclosure of significant tax risks that may influence users' decisions. Under the materiality principle embedded in IAS 1, information—including that on tax risks—is material if its omission or misstatement could reasonably be expected to influence the economic decisions of primary users of financial statements. This broad principle requires disclosure of tax risks that meet this threshold to ensure faithful presentation. IAS 1 also requires disclosure of significant judgments made by management in applying accounting policies and of information about sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. These requirements are particularly relevant to the disclosure of uncertain tax positions, which by their nature involve complex interpretations of tax law and often require substantial management judgments and estimates. Disclosing these judgments and uncertainties enables users of financial statements to better understand the potential variability and impact of tax matters on the entity's financial position and performance.

Next, IAS 12 *Income Taxes* is the primary standard that sets out the accounting for income taxes, including current tax liabilities or assets and deferred tax liabilities or assets arising from temporary differences. While the standard's main focus is on recognition and measurement of these tax items, it also contains disclosure requirements that indirectly relate to tax risks—for example, the required reconciliation between tax expense and accounting profit. Such a reconciliation helps explain the relationship between a company's reported profits and its tax obligations, allowing users to detect unusual or unexpected deviations that may signal hidden tax risks or aggressive tax-planning strategies.

IAS 12 requires disclosure about deferred tax assets, including a comprehensive assessment of their recoverability. This assessment is inseparable from the entity's analysis of future taxable profits and any potential tax risks that could impede the realization of those assets.

Specific guidance on applying IAS 12's recognition and measurement principles when there is uncertainty about income tax treatments is provided by IFRIC 23 *Uncertainty over Income Tax Treatments*. The Interpretation underscores the importance of disclosing the judgments made by management in determining various tax positions under such uncertainty, the assumptions used in assessing whether the tax authorities will accept the entity's tax treatments, and the methods applied to measure the effects of any uncertainties. This guidance is particularly useful in situations involving tax audits or litigation, especially where entities also apply IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Its application may lead to the recognition of provisions or contingent liabilities for future tax obligations. The impact of uncertainty on the income tax calculation arises when an entity anticipates that the accuracy of its computations may be challenged by the authorities. IFRIC 23 is premised on the assumption that the tax authority will perform a thorough examination with full access to all relevant information.

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* is the next important standard. It sets the criteria for the recognition, measurement, and disclosure of provisions and contingent liabilities. These categories are particularly relevant for reflecting uncertain tax obligations that may arise from various tax risks faced by an entity. Entities are required to disclose information about contingent tax liabilities where a present obligation has arisen from past events but the probability of an outflow of economic benefits is not sufficiently high, or the amount of the obligation cannot be measured reliably. This ensures that users of financial statements are informed about potential future obligations or risks that may have a material impact on the entity's financial position.

A synthesis of how selected standards relate to tax-risk disclosure is presented in Table 1.

Table 1. Relationship between selected standards and tax-risk disclosure

Standard	Primary focus	Relevance to tax-risk disclosure
IAS 1	Presentation; materiality; sources of estimation uncertainty	Disclose significant judgements and estimation uncertainty related to tax matters
IAS 12	Current/deferred income taxes; effective tax rate (ETR) reconciliation	Explain drivers of the tax expense and unusual items; assess recoverability of deferred tax assets
IFRIC 23	Uncertainty over income tax treatments	Measurement under uncertainty; disclose key judgements and assumptions
IAS 37	Provisions and contingent liabilities	Recognize provisions when probable/measurable; disclose contingent tax liabilities

Source: compiled by the author.

Since financial reporting standards provide only general guidance on risk disclosure, the absence of clear and detailed methodologies for the assessment and presentation of such risks leads to divergent interpretations of the rules and constraints.

It should be noted that risk, in and of itself, is not a direct object of accounting and cannot be recognized explicitly in the accounts. Accounting entails measuring assets, liabilities, income, and expenses on the basis of objective evidence, whereas risks are a subjective category and typically rest on forecasts and probabilities that cannot always be quantified with precision. Consequently, recording risks per se in the ledger is problematic. In addition, individual risks may affect multiple financial metrics simultaneously and interact with one another, amplifying or dampening the overall risk level. This complicates their reflection in accounting, as the multiplicity of risk effects on financial statement line items must be considered. By contrast, the realization of risk has a direct impact on an entity's performance; it is the consequences of past risk events that are captured in the accounts and the financial statements.

However, under IFRS, risk-related obligations are addressed through provisions and contingent liabilities (IAS 37). For income tax risks, uncertainties are accounted for as uncertain tax treatments within IAS 12 (IFRIC 23) rather than as IAS 37 provisions (Table 2).

Table 2. IFRS-compliant mechanisms for accounting for tax risks

Mechanism	Definition	Accounting treatment
Provisions (IAS 37)	Present obligation (legal or constructive) arising from a past event; an outflow of resources is probable; the amount can be measured reliably.	Recognize a liability and the corresponding expense (or include in asset cost where required). Measure at best estimate; discount when material. Disclose movements and key assumptions.
Uncertain tax treatments (IFRIC 23 / IAS 12)	Uncertainty affecting the determination of current or deferred tax. Measurement uses most likely amount or expected value.	Recognize within tax balances (not as IAS 37 provisions). Provide relevant disclosures of judgments/uncertainty per IAS 1/IAS 12.
Contingent liabilities (IAS 37)	Possible obligations, or present obligations that are not recognized because an outflow is not probable or cannot be measured reliably.	Do not recognize; disclose in notes unless the possibility of outflow is remote.

Source: compiled by the author.

Provisions are recognized only when there is a present obligation from a past event, an outflow is probable, and the amount can be measured reliably in accordance with IAS 37. Recognized provisions are recorded as liabilities and reduce net assets; measurement reflects the best estimate (including discounting where material), and related movements and assumptions are disclosed in the notes.

For income tax risks, when outcomes are uncertain, entities apply IFRIC 23 to determine the effect of uncertain tax treatments on current and deferred tax under IAS 12. Amounts are recognized within tax balances using either the most likely amount or expected value, with appropriate disclosures of significant judgments and estimation uncertainty.

Contingent liabilities are not recognized. They are disclosed in the notes when relevant, unless the possibility of an outflow is remote.

Thus, we can conclude that certain mechanisms for accounting for risks do exist. Returning to disclosure, in general tax disclosures may include information on: (1) the tax risks faced by the entity; (2) uncertainty regarding the amounts that determine taxable income and income tax; (3) material disputed tax positions; (4) provisions or contingent liabilities (assets) for the consequences of tax audits; (5) information on ongoing or completed tax audits; and (6) other supplementary information on tax risks, such as the effects of tax activities in special economic zones or information on tax incentives and the like [12].

The availability of such information helps stakeholders assess a company's potential tax risks and its compliance with tax law. Insufficient or low-quality disclosure may lead to information asymmetry between the entity and its stakeholders.

The entity should conduct a thorough assessment of the risks inherent in its tax strategy and reflect the effect of uncertainty for each uncertain (disputed) tax treatment. Two principal methods are used:

1. Most likely amount—by identifying the single most expected outcome within the range of possible scenarios.

2. Expected value—by weighting amounts by the probabilities of different outcomes.

The choice of method depends on which approach, in the entity's judgment, better predicts the resolution of the uncertainty.

It is also worth noting sustainability reporting, which may include information that affects the financial statements and the entity's tax obligations. It is commonly argued that companies that consistently prepare sustainability reports maintain more positive relationships with stakeholders,

including government, which helps shape tax policy [9]. High-quality sustainability reporting can improve relations with tax authorities because companies applying GRI and SASB standards in their sustainability reports generally exhibit stronger tax discipline due to greater transparency, thereby reducing the potential for tax evasion.

It is important to emphasize that disclosure practice is a fundamental aspect of corporate transparency and accountability to stakeholders [1; 7]. Based on the sources analyzed, the following key aspects of disclosure can be distinguished.

Purpose of disclosure. Disclosure is a valuable managerial communication tool for engaging with investors. It encompasses the exchange of financial and non-financial information between organizations and their environment. Information availability is critical for narrowing the information gap between internal and external stakeholders. By disclosing risks, an entity aims to be more transparent with its stakeholders, which is expected to support better decision-making.

Domains of disclosure. The primary domain is the financial statements, governed by the relevant international and national financial reporting standards. These standards play a major role in defining the information that must be provided to depict an entity's actual financial position, while at the same time allowing considerable flexibility in determining the scope and manner of disclosure in the notes. Another important domain is sustainability reporting, which covers the effects of a company's activities on environmental, social, and economic dimensions; frameworks are provided by the GRI and SASB standards [4; 9]. Risk disclosure is a critical component of these reports, as it conveys potential risks, the entity's responses, and their implications for the entity's future.

Quality and extent of disclosure. Studies document substantial variation across companies in the volume of information disclosed and a lack of consistency across different aspects of disclosure [12]. In many cases, disclosure is more symbolic than substantive. As a result, the information provided is general rather than detailed, limiting its usefulness to stakeholders. In practice, tax audits are often what compel firms to focus on their tax-risk profile and to disclose relevant information. Inconsistencies can also arise between tax-risk disclosures in the financial statements and in management reports. The quality of disclosure is influenced by such factors as overall corporate governance and the expertise of the audit committee in particular [1], special regulatory requirements, and stakeholder pressure.

It should be borne in mind that there are numerous reasons that significantly dampen firms' willingness to disclose their tax risks (Table 3).

Table 3. Factors constraining the disclosure of tax risks

No.	Factor	Explanation
1	Fear of tax scrutiny	Concern about heightened attention from tax authorities to the company
2	Complexity and ambiguity of legislation	Difficulties in determining the scope and form of disclosure
3	Absence of clear disclosure standards	Companies lack clear guidance on what and how to disclose
4	Commercial sensitivity of information	Risk of competitive misuse or reputational damage
5	Possible negative investor reaction	Investors may view aggressive tax strategies unfavourably
6	High costs of preparing information	Financial and time burden, especially for small enterprises

Source: compiled by the author.

We characterize the key factors as follows:

1. Fear of informing tax authorities. Managers often worry that voluntary tax disclosure could provide tax authorities with insights into their tax-avoidance strategies. This may increase the likelihood of audits and challenges to adopted tax positions, leading to financial losses for the company [7].

2. Complexity and ambiguity of tax law. Ongoing changes and the complexity of tax rules make the assessment and disclosure of tax risks difficult. Companies may be uncertain about what

information to disclose and in what detail so that it is useful to stakeholders without creating additional risks.

3. Lack of clear standards and guidance on tax-risk disclosure. The absence of universal standards specifying what tax-risk information should be disclosed and in what format can result in companies providing only the minimum or what they deem appropriate—often insufficient for a full understanding of risks [9].

4. Regulatory factors that do not encourage disclosure. Where industry regulations lack clear requirements for tax disclosure, companies may not treat it as a reporting priority [9].

5. Risk of disclosing commercially sensitive information. Detailed information on tax risks and strategies can be used by competitors, potentially causing commercial harm. The costs of such disclosure may outweigh the potential transparency benefits.

6. Possible negative investor reaction to certain tax practices. Investors may react adversely to the disclosure of aggressive tax-planning strategies or significant tax risks, which can depress the company’s share price.

7. Costs of preparing and publishing information. Collecting, analysing, and preparing detailed tax information for disclosure can require significant financial and time resources, particularly burdensome for small and medium-sized enterprises (SMEs).

Taken together, these factors create an environment in which companies may exercise caution in disclosing their tax risks, weighing the potential benefits of transparency against possible adverse consequences for competitiveness and relations with tax authorities.

We next consider several ways to encourage companies to disclose their tax information. These may be grouped into regulatory, market, and internal factors (Table 4).

Table 4. Types of incentives to enhance tax transparency

Type of incentive	Examples	Expected effect
Regulatory incentives	Mandatory tax disclosure, sanctions for non-compliance, tax benefits for transparent companies	Increased corporate accountability and compliance with regulatory requirements
Market incentives	Investor demand for openness, positive reputation, lower cost of capital	Improved investment appeal and competitiveness
Internal incentives	Ethical corporate governance, internal audit, IT-enabled reporting solutions	Optimization of risk-management processes and building stakeholder trust

Source: compiled by the author.

We begin with regulatory measures. The principal step is the introduction of mandatory disclosure with clear statutory requirements for the scope and format of tax information to be made public, coupled with effective enforcement and sanctions for violations. For example, EU directives such as the Capital Requirements Directive IV (CRD IV) require certain sectors (notably banks) to publish information on their activities and tax payments on a country-by-country basis [2].

Another step could be to broaden the matters governed by financial reporting standards so as to include more detailed tax information. At present, the IASB does not have a standalone IFRS standard dedicated to tax disclosure.

Tax incentives can also be considered—for instance, offering benefits during tax audits to companies that demonstrate a high level of transparency in tax matters.

Among market drivers, the primary one is the investment channel. A strong incentive for companies is rising investor demand for transparent tax information. Analysts, in turn, may evaluate more favorably those entities that provide detailed tax disclosures, which can influence their recommendations and the company’s share price. Transparency in tax disclosure may also reduce the cost of capital by increasing investor confidence and lowering perceived risk, while improving the firm’s reputation among the public, customers, suppliers, and other stakeholders who value ethical conduct.

Market factors also include encouraging: (a) the use of international reporting standards such as GRI and SASB, which cover aspects of tax transparency [9]; and (b) participation in international initiatives aimed at enhancing tax transparency (e.g., the Extractive Industries Transparency Initiative — EITI) [7].

Finally, we turn to internal incentive factors. These include effective corporate governance—such as independent supervisory boards and audit committees—that can promote greater transparency in tax matters; encouraging ethical conduct and accountability in taxation within the company; conducting regular audits of the tax function and publishing their results (at least in aggregated form); and deploying technological solutions to facilitate the collection, analysis, and disclosure of tax information, including reporting platforms and interfaces for information exchange with tax authorities.

It is important to create an enabling environment in which the benefits of disclosing tax information outweigh the associated costs and risks. A combination of regulatory requirements, market pressure, and internal motivation is likely to be the most effective way to encourage companies to be more transparent in tax matters.

Given the need to disclose risks and the potential consequences that such disclosure may entail, entities should carefully weigh what information to disclose and how, in order to strike a balance between transparency requirements and minimizing the likelihood of disputes with tax authorities. To achieve this balance, in our view, the following recommendations should be observed (Table 5).

Table 5. Recommendations for disclosing tax risks in financial statements

No.	Recommendation	Explanation
1	Clear articulation with calibrated detail	Information on tax risks should be presented clearly and concisely, without unnecessary granularity that could prompt additional inquiries by tax authorities. Specify the nature of the tax risk precisely, but avoid excessive procedural detail or circumstances that may appear ambiguous or invite misinterpretation.
2	Use of legal support and professional consultations	Disclosure should follow consultation with legal and tax professionals to ensure accurate presentation and avoid legal errors. Involving independent auditors to analyze and assess tax risks prior to disclosure can help ensure compliance with financial reporting standards and reduce the risk of misunderstandings with tax authorities.
3	Balanced disclosure	Disclosures in the notes to the financial statements may be more general to avoid undue detail while still complying with the standards. If tax risks are assessed as unlikely, high-level descriptions without emphasis on the financial impact may suffice. If the likelihood is high, disclose in line with all reporting requirements and prepare clear supporting rationale for potential questions from tax authorities.
4	Ongoing monitoring and risk management	Implement an effective system of internal control and monitoring of tax risks to identify, assess, and manage them in a timely manner, reducing the likelihood of adverse disclosure events. Regularly update and review tax-risk assessments to adapt the disclosure strategy to changes in the external environment, including tax law and practice.

Source: compiled by the author.

Thus, achieving a balance between the obligation to disclose tax risks and minimizing potential adverse consequences requires a comprehensive approach. Entities should act prudently—seeking legal support, consulting auditors, ensuring clarity and measured language, and engaging proactively with tax authorities to avoid conflicts and misunderstandings. This will help ensure compliance with financial reporting transparency requirements while reducing the risk of potential disputes with tax authorities.

Conclusions. The study yields several important conclusions that determine its scholarly novelty and practical value. The scientific novelty lies in the systematization of approaches to the accounting for and disclosure of tax risks, taking into account contemporary challenges and IFRS standards. It is substantiated that tax risks are not only an accounting category but also a managerial

one, requiring a comprehensive approach to their presentation in financial statements. The theoretical significance consists in revealing the interdisciplinary nature of tax risks, which combine accounting, legal, managerial, and reputational dimensions, and in justifying the need for a unified approach to their assessment and presentation. The practical significance is reflected in the proposed set of recommendations concerning: modes of tax-risk disclosure (through judgments, estimates, and contingent liabilities); application of the materiality principle; stimulating transparency via regulatory and market instruments; and the role of ESG reporting as an additional channel for communicating tax risks. The socio-economic effect is seen in the potential increase in trust in companies, a reduction in information asymmetry, improved conditions for attracting investment, and fewer conflicts with fiscal authorities. Promising directions for further research include an empirical analysis of how the quality of tax disclosure affects the cost of capital, an assessment of the audit committee's role in shaping tax policy, and the development of models for automated tax-risk assessment.

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Received: 17.09.2025
Received after review: 19.01.2026

Accepted: 04.03.2026
Published: 31.03.2026

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Розкриття інформації про податкові ризики у фінансовій звітності: баланс між прозорістю та конфіденційністю

Анотація. Об'єктом дослідження є розкриття інформації про податкові ризики у фінансовій звітності компаній на тлі посиленого регуляторного нагляду та зростаючого запиту стейкхолдерів на прозорість. Ключові характеристики об'єкта включають багатовимірний характер ризиків (правові, операційні, трансфертно-цінові, репутаційні), залежність від професійного судження менеджменту та необхідність балансування між прозорістю та конфіденційністю.

Постановка проблеми. Користувачам фінансової звітності потрібна релевантна та порівнянна інформація про податкові невизначеності; однак відсутність спеціалізованого стандарту та різні інтерпретації норм призводять до неоднорідної практики й посилюють інформаційну асиметрію.

Нерозв'язані аспекти. Відсутність уніфікованих критеріїв суттєвості для податкових ризиків; розрив між фінансовими та нефінансовими (ESG) розкриттями; недостатня деталізація припущень, чутливості оцінок і тригерів для перегляду забезпечень; дилема комерційної чутливості.

Мета статті. Проаналізувати сучасні підходи до розкриття податкових ризиків у межах МСФЗ та розробити практичний, узгоджений із системою корпоративного управління рамковий підхід, що збалансує прозорість і конфіденційність.

Основний матеріал. У дослідженні застосовано аналіз і синтез, порівняльно-правовий огляд міжнародних і національних норм, контент-аналіз звітності компаній, критичний огляд літератури та експертне оцінювання. Упорядковано типові механізми розкриття податкових ризиків через: забезпечення, умовні зобов'язання та невизначені податкові позиції в межах поточного й відстроченого податку. Стимули до підвищеної прозорості згруповано за регуляторними, ринковими та внутрішніми чинниками. Ідентифіковано також бар'єри впровадження. Стаття пропонує чотири практичні рекомендації: (1) чітке, відкаліброване формулювання ризиків; (2) юридична та професійна валідація перед розкриттям; (3) збалансований зміст приміток, співмірний імовірності та впливу; (4) безперервний моніторинг і внутрішній контроль.

Висновки. МСФЗ забезпечують методологічну основу для розкриття податкових ризиків, однак практика залишається фрагментованою. Запропонований автором рамковий підхід підвищує порівнянність і корисність розкриття для прийняття рішень, зменшує інформаційну асиметрію, підтримує управління ризиками та корпоративне управління, а також сприяє зниженню вартості капіталу та регуляторних спорів. Його практична значущість полягає у наданні інструментів для формалізації політики розкриття й побудови прозорих приміток, що відповідають очікуванням інвесторів і наглядових органів.

Ключові слова: податкові ризики, фінансова звітність, розкриття інформації, Міжнародні стандарти фінансової звітності (МСФЗ), умовні зобов'язання, забезпечення, податкова прозорість, ESG-фактори, корпоративне управління.

JEL Classification: H25, H26, M41

Формул: 0; рис.: 0, табл.: 5, бібл.: 14

Для цитування: Kucherenko Serhii. Disclosure of tax risks in financial statements: balancing transparency and confidentiality. *Фінансово-кредитні системи: перспективи розвитку.* №1(20) 2026. С. 76-87.
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Стаття надійшла до редакції 17.09.2025

Стаття надійшла після рецензування 19.01.2025

Статтю рекомендовано до друку 04.03.2026

Статтю опубліковано 31.03.2026