

Online Appendix Table 1.
Audit Fees and Tax Risk Regression Analysis.

Variable	Prediction	(1)		(2)	
		<i>TAXRISK</i> = Std(Cash ETR)	t-stat	<i>TAXRISK</i> = Std(GAAP ETR)	t-stat
<i>Intercept</i>	+	0.309**	2.01	0.304**	1.97
$\Delta TAXRISK$	+	0.121***	3.75	0.104***	2.86
$\Delta APTS$	-	-0.052***	-5.08	-0.053***	-5.15
ΔTA	+	0.002	0.16	-0.005	-0.44
$\Delta LNASSETS$	+	0.463***	27.21	0.465***	26.92
$\Delta INVREC$	+	0.447***	4.90	0.448***	4.92
$\Delta AUDITLAG$	+	0.002***	4.80	0.002***	4.79
$\Delta SEPARATE$	+	0.036***	3.28	0.038***	3.51
$\Delta FOREIGN$	+	-0.001	-0.43	-0.001	-0.51
$\Delta MERGER$	+	-0.010	-1.06	-0.009	-1.02
$\Delta SEGMENTS$	+	0.021*	1.69	0.021*	1.70
ΔROA	-	-0.088	-1.40	-0.105*	-1.67
$\Delta LOSS$	+	0.047***	3.04	0.043***	2.80
$\Delta LEVERAGE$	+	0.138***	3.26	0.136***	3.20
$\Delta ZSCORE$	-	-0.003**	-2.18	-0.003**	-2.20
$\Delta LITIGATE$	+	-0.013	-0.32	-0.014	-0.34
$\Delta ROAVOL$	+	0.337***	2.85	0.279**	2.23
ΔBTM	-	-0.000***	-23.22	-0.000***	-24.75
$\Delta MWIC$	+	0.196***	6.15	0.196***	6.15
$\Delta BIG4$	+	0.160***	4.15	0.158***	4.10
$\Delta INITIAL$	-	-0.108***	-5.51	-0.107***	-5.50
$\Delta TENURE$	+	0.001	0.93	0.001	0.87
$\Delta YEAREND$	+	0.106	1.50	0.106	1.51
$\Delta EXPERT$	+	0.045***	3.94	0.046***	3.97
$\Delta RESTATE$	+	0.035**	2.32	0.036**	2.37
Industry/Year FE		Yes		Yes	
SE Clustered by Firm		Yes		Yes	
Observations		9,344		9,344	
Adjusted R ²		0.684		0.684	

Notes: This table presents the coefficient estimates and statistical significance levels from estimating the following OLS regression:

$$\begin{aligned}
 \Delta LNFEES = & \beta_0 + \beta_1 * \Delta TAXRISK + \beta_2 * \Delta APTS + \gamma_1 * \Delta TA + \gamma_2 * \Delta LNASSETS + \gamma_3 * \Delta INVREC \\
 & + \gamma_4 * \Delta AUDITLAG + \gamma_5 * \Delta SEPARATE + \gamma_6 * \Delta FOREIGN + \gamma_7 * \Delta MERGER + \gamma_8 * \Delta SEGMENTS \\
 & + \gamma_9 * \Delta ROA + \gamma_{10} * \Delta LOSS + \gamma_{11} * \Delta LEVERAGE + \gamma_{12} * \Delta ZSCORE + \gamma_{13} * \Delta LITIGATE \\
 & + \gamma_{14} * \Delta ROAVOL + \gamma_{15} * \Delta BTM + \gamma_{16} * \Delta MWIC + \gamma_{17} * \Delta BIG4 + \gamma_{18} * \Delta INITIAL + \gamma_{19} * \Delta TENURE \\
 & + \gamma_{20} * \Delta YEAREND + \gamma_{21} * \Delta EXPERT + \gamma_{22} * \Delta RESTATE + \delta * FIXED EFFECTS + \varepsilon
 \end{aligned}$$

Reported t-statistics are shown to the right of the coefficient estimates. See the Appendix for variable definitions. *, **, and *** denote (two-tailed) statistical significance at 10%, 5%, and 1%, respectively.

Online Appendix Table 2.

Audit Fees and Tax Risk Regression Analysis: Propensity-Matched Sample.

Variable	Panel A. First Stage Regression.			
	(1)		(2)	
	TAXRISK= Std(Cash ETR)	t-stat	TAXRISK= Std(GAAP ETR)	t-stat
<i>Intercept</i>	-0.003	-0.02	-0.878***	-5.95
<i>TA</i>	-0.359***	-8.18	0.969***	23.98
<i>LNASSETS</i>	-0.223***	-17.24	-0.210***	-15.71
<i>INVREC</i>	0.261**	2.41	-0.379***	-3.24
<i>SEPARATE</i>	0.384***	7.97	0.293***	6.04
<i>FOREIGN</i>	0.315***	9.46	0.321***	8.95
<i>MERGER</i>	-0.245***	-6.13	-0.030	-0.71
<i>SEGMENTS</i>	0.032	0.95	0.048	1.37
<i>ROA</i>	-4.665***	-14.09	-4.042***	-11.17
<i>LOSS</i>	-0.112	-1.52	0.304***	4.00
<i>LEVERAGE</i>	0.387***	3.06	0.820***	6.14
<i>ZSCORE</i>	-0.013*	-1.87	-0.014*	-1.67
<i>LITIGATE</i>	-0.093**	-2.10	-0.005	-0.11
<i>ROAVOL</i>	6.225***	16.86	9.861***	22.53
<i>BTM</i>	0.362***	7.29	0.115**	2.15
<i>MWIC</i>	0.005	0.06	0.032	0.35
Observations	18,955		18,955	
Area under the ROC curve	0.753		0.810	
Log Likelihood ratio	174.36		257.65	
χ^2 (<i>p</i> -value)	(<.001)		(<.001)	

Notes: This table presents the coefficient estimates and statistical significance levels from estimating the following logistic regression:

$$\begin{aligned} HIGHTAXRISK = & \beta_0 + \gamma_1 * TA + \gamma_2 * LNASSETS + \gamma_3 * INVREC + \gamma_4 * SEPARATE + \gamma_5 * FOREIGN + \gamma_6 * MERGER \\ & + \gamma_7 * SEGMENTS + \gamma_8 * ROA + \gamma_9 * LOSS + \gamma_{10} * LEVERAGE + \gamma_{11} * ZSCORE + \gamma_{12} * LITIGATE + \gamma_{13} * ROAVOL \\ & + \gamma_{14} * BTM + \gamma_{15} * MWIC + \varepsilon \end{aligned}$$

Reported t-statistics are shown to the right of the coefficient estimates. *HIGHTAXRISK* is an indicator variable set equal to one for firms in the top quartile of volatility of ETRs in our sample. See the Appendix for all other variable definitions. *, **, and *** denote (two-tailed) statistical significance at 10%, 5%, and 1%, respectively.

Online Appendix Table 2.

Continued.

Panel B. Second stage regression without maximum difference in propensity score restriction.

Variable	Prediction	(1) <i>TAXRISK</i> = Std(Cash ETR)		(2) <i>TAXRISK</i> = Std(GAAP ETR)	
		Estimate	t-stat	Estimate	t-stat
<i>Intercept</i>	+	9.304***	49.13	9.105***	39.55
<i>TAXRISK</i>	+	0.178***	4.47	0.157***	4.33
<i>APTS</i>	-	-0.074***	-4.69	-0.070***	-4.58
<i>TA</i>	+	0.031**	1.97	-0.002	-0.17
<i>LNASSETS</i>	+	0.556***	68.07	0.559***	76.23
<i>INVREC</i>	+	0.443***	6.73	0.573***	9.21
<i>AUDITLAG</i>	+	0.005***	9.23	0.005***	8.22
<i>SEPARATE</i>	+	0.125***	6.72	0.123***	6.71
<i>FOREIGN</i>	+	0.176***	15.30	0.171***	15.72
<i>MERGER</i>	+	0.074***	5.15	0.073***	5.17
<i>SEGMENTS</i>	+	0.080***	4.89	0.075***	4.89
<i>ROA</i>	-	-0.366***	-3.93	-0.427***	-4.81
<i>LOSS</i>	+	0.052***	2.65	0.038**	2.05
<i>LEVERAGE</i>	+	0.016	0.29	-0.014	-0.27
<i>ZSCORE</i>	-	-0.001	-0.45	0.000	0.03
<i>LITIGATE</i>	+	0.012	0.31	0.007	0.23
<i>ROAVOL</i>	+	0.768***	5.98	0.650***	5.24
<i>BTM</i>	-	-0.185***	-9.59	-0.178***	-9.64
<i>MWIC</i>	+	0.195***	6.35	0.191***	6.32
<i>BIG4</i>	+	0.383***	13.68	0.374***	13.99
<i>INITIAL</i>	-	-0.019	-0.76	-0.024	-0.89
<i>TENURE</i>	+	0.001	0.91	0.001	0.87
<i>YEAREND</i>	+	0.027	1.37	0.032*	1.68
<i>EXPERT</i>	+	0.060***	3.16	0.068***	3.87
<i>RESTATE</i>	+	0.059***	2.79	0.057***	2.82
Industry/Year FE		Yes		Yes	
SE Clustered by Firm		Yes		Yes	
Observations		9,478		9,478	
Adjusted R ²		0.867		0.871	

Notes: This table presents the coefficient estimates and statistical significance levels from estimating the following OLS regression:

$$\begin{aligned}
 LNFEES = & \beta_0 + \beta_1 * TAXRISK + \beta_2 * APTS + \gamma_1 * TA + \gamma_2 * LNASSETS + \gamma_3 * INVREC + \gamma_4 * AUDITLAG \\
 & + \gamma_5 * SEPARATE + \gamma_6 * FOREIGN + \gamma_7 * MERGER + \gamma_8 * SEGMENTS + \gamma_9 * ROA + \gamma_{10} * LOSS \\
 & + \gamma_{11} * LEVERAGE + \gamma_{12} * ZSCORE + \gamma_{13} * LITIGATE + \gamma_{14} * ROAVOL + \gamma_{15} * BTM + \gamma_{16} * MWIC \\
 & + \gamma_{17} * BIG4 + \gamma_{18} * INITIAL + \gamma_{19} * TENURE + \gamma_{20} * YEAREND + \gamma_{21} * EXPERT + \gamma_{22} * RESTATE \\
 & + \delta * FIXED EFFECTS + \varepsilon
 \end{aligned} \tag{1}$$

Reported t-statistics are shown to the right of the coefficient estimates. See Appendix for variable definitions.
*, **, and *** denote (two-tailed) statistical significance at 10%, 5%, and 1%, respectively.

Panel C. Second stage regression restricting maximum difference in propensity score to 1 percent.

Variable	Prediction	Estimate	t-stat	(1)		(2)	
				<u>TAXRISK= Std(Cash ETR)</u>	<u>TAXRISK= Std(GAAP ETR)</u>	<u>TAXRISK= Std(Cash ETR)</u>	<u>TAXRISK= Std(GAAP ETR)</u>
<i>Intercept</i>	+	9.279***	48.54		9.076***		36.88
<i>TAXRISK</i>	+	0.197***	4.80		0.161***		4.21
<i>APTS</i>	-	-0.072***	-4.52		-0.070***		-4.33
<i>TA</i>	+	0.034**	2.16		-0.001		-0.04
<i>LNASSETS</i>	+	0.557***	66.94		0.562***		72.21
<i>INVREC</i>	+	0.448***	6.57		0.580***		8.85
<i>AUDITLAG</i>	+	0.005***	9.24		0.005***		7.76
<i>SEPARATE</i>	+	0.120***	6.31		0.115***		5.81
<i>FOREIGN</i>	+	0.179***	13.88		0.170***		14.1
<i>MERGER</i>	+	0.078***	5.24		0.073***		4.77
<i>SEGMENTS</i>	+	0.083***	5.06		0.073***		4.69
<i>ROA</i>	-	-0.407***	-4.06		-0.430***		-4.17
<i>LOSS</i>	+	0.057***	2.74		0.036*		1.69
<i>LEVERAGE</i>	+	0.013	0.22		-0.026		-0.46
<i>ZSCORE</i>	-	0.000	-0.04		-0.001		-0.26
<i>LITIGATE</i>	+	-0.003	-0.07		-0.009		-0.27
<i>ROAVOL</i>	+	0.701***	5.29		0.670***		5.00
<i>BTM</i>	-	-0.187***	-8.94		-0.175***		-8.33
<i>MWIC</i>	+	0.201***	6.25		0.219***		6.24
<i>BIG4</i>	+	0.385***	13.36		0.373***		13.29
<i>INITIAL</i>	-	-0.020	-0.74		-0.020		-0.65
<i>TENURE</i>	+	0.001	0.63		0.001		0.86
<i>YEAREND</i>	+	0.026	1.31		0.032		1.60
<i>EXPERT</i>	+	0.063***	3.24		0.063***		3.36
<i>RESTATE</i>	+	0.044***	2.02		0.067***		2.97
Industry/Year FE		Yes			Yes		
SE Clustered by Firm		Yes			Yes		
Observations		8,442			7,450		
Adjusted R ²		0.867			0.873		

Notes: This table presents the coefficient estimates and statistical significance levels from estimating the following OLS regression:

$$\begin{aligned}
 LNFEES = & \beta_0 + \beta_1 * TAXRISK + \beta_2 * APTS + \gamma_1 * TA + \gamma_2 * LNASSETS + \gamma_3 * INVREC + \gamma_4 * AUDITLAG \\
 & + \gamma_5 * SEPARATE + \gamma_6 * FOREIGN + \gamma_7 * MERGER + \gamma_8 * SEGMENTS + \gamma_9 * ROA + \gamma_{10} * LOSS \\
 & + \gamma_{11} * LEVERAGE + \gamma_{12} * ZSCORE + \gamma_{13} * LITIGATE + \gamma_{14} * ROAVOL + \gamma_{15} * BTM + \gamma_{16} * MWIC \\
 & + \gamma_{17} * BIG4 + \gamma_{18} * INITIAL + \gamma_{19} * TENURE + \gamma_{20} * YEAREND + \gamma_{21} * EXPERT + \gamma_{22} * RESTATE \\
 & + \delta * FIXED EFFECTS + \varepsilon
 \end{aligned} \tag{1}$$

Reported t-statistics are shown to the right of the coefficient estimates. See the Appendix for variable definitions. *, **, and *** denote (two-tailed) statistical significance at 10%, 5%, and 1%, respectively.

Online Appendix Table 3.

Audit Fees and Tax Risk Regression Analysis: Tax Law Changes Sample Partitions.

Panel A. R&D Expense.

Variable	<i>TAXRISK = Std(Cash ETR)</i>		<i>TAXRISK = Std(GAAP ETR)</i>	
	(1) (XRD/AT) ≤ Median	(2) (XRD/AT) > Median	(3) (XRD/AT) ≤ Median	(4) (XRD/AT) > Median
<i>Intercept</i>	8.920***	9.159***	8.919***	9.171***
<i>t-stat</i>	55.51	83.45	58.31	83.46
TAXRISK	0.275***	0.144***	0.229***	0.175***
<i>t-stat</i>	4.96	2.74	4.26	3.67
Controls	Yes	Yes	Yes	Yes
Industry/Year FE	Yes	Yes	Yes	Yes
SE Clustered by Firm	Yes	Yes	Yes	Yes
Observations	9,865	9,090	9,865	9,090
Adjusted R ²	0.842	0.897	0.842	0.898

Panel B. Capital Expenditures.

Variable	<i>TAXRISK = Std(Cash ETR)</i>		<i>TAXRISK = Std(GAAP ETR)</i>	
	(1) (CAPX/AT) ≤ Median	(2) (CAPX/AT) > Median	(3) (CAPX/AT) ≤ Median	(4) (CAPX/AT) > Median
<i>Intercept</i>	9.186***	8.918***	9.193***	8.914***
<i>t-stat</i>	55.50	42.23	56.84	41.39
TAXRISK	0.181***	0.252***	0.183***	0.262***
<i>t-stat</i>	3.60	4.65	4.25	5.18
Controls	Yes	Yes	Yes	Yes
Industry/Year FE	Yes	Yes	Yes	Yes
SE Clustered by Firm	Yes	Yes	Yes	Yes
Observations	9,482	9,473	9,482	9,473
Adjusted R ²	0.885	0.855	0.885	0.855

Panel C. Tax Haven.

Variable	<i>TAXRISK = Std(Cash ETR)</i>		<i>TAXRISK = Std(GAAP ETR)</i>	
	(1) (Tax Haven) ≤ Median	(2) (Tax Haven) > Median	(3) (Tax Haven) ≤ Median	(4) (Tax Haven) > Median
<i>Intercept</i>	9.382***	9.069***	9.407***	9.086***
<i>t-stat</i>	67.94	57.59	68.25	58.22
<i>TAXRISK</i>	0.235***	0.234***	0.253***	0.181***
<i>t-stat</i>	3.84	3.15	4.54	2.75
Controls	Yes	Yes	Yes	Yes
Industry/Year FE	Yes	Yes	Yes	Yes
SE Clustered by Firm	Yes	Yes	Yes	Yes
Observations	6,482	4,750	6,482	4,750
Adjusted R ²	0.801	0.823	0.801	0.822

Notes: This table presents the coefficient estimates and statistical significance levels from estimating the following OLS regression:

$$\begin{aligned}
 LNFEES = & \beta_0 + \beta_1 * TAXRISK + \beta_2 * APTS + \gamma_1 * TA + \gamma_2 * LNASSETS + \gamma_3 * INVREC + \gamma_4 * AUDITLAG \\
 & + \gamma_5 * SEPARATE + \gamma_6 * FOREIGN + \gamma_7 * MERGER + \gamma_8 * SEGMENTS + \gamma_9 * ROA + \gamma_{10} * LOSS \\
 & + \gamma_{11} * LEVERAGE + \gamma_{12} * ZSCORE + \gamma_{13} * LITIGATE + \gamma_{14} * ROAVOL + \gamma_{15} * BTM + \gamma_{16} * MWIC \\
 & + \gamma_{17} * BIG4 + \gamma_{18} * INITIAL + \gamma_{19} * TENURE + \gamma_{20} * YEarend + \gamma_{21} * EXPERT + \gamma_{22} * RESTATE \\
 & + \delta * FIXED EFFECTS + \varepsilon
 \end{aligned} \tag{1}$$

Reported t-statistics are shown to the right of the coefficient estimates. See the Appendix for variable definitions. *, **, and *** denote (two-tailed) statistical significance at 10%, 5%, and 1%, respectively.

Online Appendix Table 4.

Audit Fees and Tax Risk Regression Analysis: Pre/Post FIN 48.

Variable	Prediction	(1)		(2)	
		<i>TAXRISK</i> = Std(Cash ETR)	t-stat	<i>TAXRISK</i> = Std(GAAP ETR)	t-stat
<i>Intercept</i>	+	9.037***	54.48	9.036***	53.60
<i>TAXRISK</i>	+	0.131**	2.28	0.206***	4.01
<i>POST</i>	?	0.004	0.21	0.016	0.88
<i>TAXRISK*POST</i>	?	0.139**	2.12	0.027	0.46
<i>APTS</i>	-	-0.049***	-3.56	-0.049***	-3.61
<i>TA</i>	+	0.043***	3.22	0.020	1.46
<i>LNASSETS</i>	+	0.561***	79.57	0.561***	79.86
<i>INVREC</i>	+	0.610***	9.28	0.616***	9.37
<i>AUDITLAG</i>	+	0.005***	10.88	0.005***	10.86
<i>SEPARATE</i>	+	0.120***	7.69	0.121***	7.74
<i>FOREIGN</i>	+	0.229***	16.04	0.228***	15.99
<i>MERGER</i>	+	0.098***	7.53	0.095***	7.35
<i>SEGMENTS</i>	+	0.082***	5.71	0.081***	5.62
<i>ROA</i>	-	-0.257***	-2.63	-0.264***	-2.70
<i>LOSS</i>	+	0.132***	6.70	0.124***	6.28
<i>LEVERAGE</i>	+	0.054	1.00	0.048	0.90
<i>ZSCORE</i>	-	-0.003	-1.19	-0.003	-1.16
<i>LITIGATE</i>	+	-0.027	-0.85	-0.025	-0.78
<i>ROAVOL</i>	+	0.823***	6.72	0.743***	6.00
<i>BTM</i>	-	-0.185***	-9.65	-0.180***	-9.43
<i>MWIC</i>	+	0.157***	5.95	0.160***	6.05
<i>BIG4</i>	+	0.338***	12.65	0.335***	12.58
<i>INITIAL</i>	-	-0.054***	-2.64	-0.055***	-2.70
<i>TENURE</i>	+	0.001	0.68	0.001	0.73
<i>YEAREND</i>	+	0.048***	2.58	0.047**	2.52
<i>EXPERT</i>	+	0.078***	4.95	0.077***	4.91
<i>RESTATE</i>	+	0.049***	3.14	0.051***	3.26
Industry/Year FE		Yes		Yes	
SE Clustered by Firm		Yes		Yes	
Observations		18,955		18,955	
Adjusted R ²		0.869		0.869	

Notes: This table presents the coefficient estimates and statistical significance levels from estimating the following OLS regression:

$$\begin{aligned}
 LNFEES = & \beta_0 + \beta_1 * TAXRISK + \beta_2 * POST + \beta_3 * TAXRISK * POST + \beta_4 * APTS + \gamma_1 * TA + \gamma_2 * LNASSETS \\
 & + \gamma_3 * INVREC + \gamma_4 * AUDITLAG + \gamma_5 * SEPARATE + \gamma_6 * FOREIGN + \gamma_7 * MERGER \\
 & + \gamma_8 * SEGMENTS + \gamma_9 * ROA + \gamma_{10} * LOSS + \gamma_{11} * LEVERAGE + \gamma_{12} * ZSCORE + \gamma_{13} * LITIGATE \\
 & + \gamma_{14} * ROAVOL + \gamma_{15} * BTM + \gamma_{16} * MWIC + \gamma_{17} * BIG4 + \gamma_{18} * INITIAL + \gamma_{19} * TENURE \\
 & + \gamma_{20} * YEAREND + \gamma_{21} * EXPERT + \gamma_{22} * RESTATE + \delta * FIXED EFFECTS + \varepsilon
 \end{aligned}$$

Reported t-statistics are shown to the right of the coefficient estimates. See the Appendix for variable definitions. *, **, and *** denote (two-tailed) statistical significance at 10%, 5%, and 1%, respectively.

Online Appendix Table 5.

Audit Fees and Tax Risk Regression Analysis: Controlling for Uncertain Tax Benefits.

	(1) <i>TAXRISK</i> = Std(Cash ETR)		(2) <i>TAXRISK</i> = Std(GAAP ETR)		(3) <i>TAXRISK</i> = Std(Cash ETR)		(4) <i>TAXRISK</i> = Std(GAAP ETR)	
	Estimate	t-stat	Estimate	t-stat	Estimate	t-stat	Estimate	t-stat
<i>Intercept</i>	9.357***	49.50	9.358***	48.47	9.356***	49.51	9.347***	48.61
<i>TAXRISK</i>	0.220***	4.34	0.206***	4.55	0.227***	3.66	0.280***	5.12
<i>APTS</i>	-0.022	-1.20	-0.023	-1.36	-0.019	-0.87	0.003	0.16
<i>TAXRISK*APTS</i>					-0.019	-0.22	-0.184***	-2.55
<i>TA</i>	0.031*	1.89	0.010	0.64	0.031*	1.89	0.010	0.63
<i>LNASSETS</i>	0.530***	57.18	0.530***	57.17	0.530***	57.16	0.530***	57.19
<i>INVREC</i>	0.767***	9.09	0.773***	9.17	0.767***	9.08	0.775***	9.21
<i>AUDITLAG</i>	0.003***	3.32	0.003***	3.38	0.003***	3.32	0.003***	3.39
<i>SEPARATE</i>	0.103***	5.61	0.103***	5.59	0.103***	5.62	0.104***	5.64
<i>FOREIGN</i>	0.172***	11.25	0.173***	11.27	0.173***	11.25	0.172***	11.26
<i>MERGER</i>	0.108***	6.76	0.104***	6.57	0.108***	6.76	0.104***	6.56
<i>SEGMENTS</i>	0.060***	3.60	0.059***	3.55	0.060***	3.59	0.059***	3.52
<i>ROA</i>	-0.289**	-2.27	-0.296**	-2.31	-0.289**	-2.27	-0.293**	-2.28
<i>LOSS</i>	0.113***	4.57	0.106***	4.25	0.113***	4.57	0.106***	4.26
<i>LEVERAGE</i>	0.087	1.29	0.084	1.24	0.087	1.29	0.083	1.23
<i>ZSCORE</i>	-0.004	-1.23	-0.004	-1.25	-0.004	-1.23	-0.004	-1.29
<i>LITIGATE</i>	-0.056	-1.62	-0.053	-1.53	-0.056	-1.62	-0.053	-1.52
<i>ROAVOL</i>	0.560***	3.49	0.480***	3.01	0.561***	3.49	0.485***	3.06
<i>BTM</i>	-0.147***	-6.06	-0.144***	-5.99	-0.147***	-6.06	-0.145***	-6.03
<i>MWIC</i>	0.147***	4.00	0.152***	4.13	0.147***	3.99	0.152***	4.16
<i>BIG4</i>	0.295***	8.61	0.292***	8.52	0.295***	8.61	0.294***	8.60
<i>INITIAL</i>	-0.082***	-2.75	-0.085***	-2.85	-0.082***	-2.75	-0.088***	-2.94
<i>TENURE</i>	0.001	0.92	0.001	0.97	0.001	0.92	0.001	0.92
<i>YEAREND</i>	0.058***	2.65	0.058***	2.63	0.058***	2.65	0.058***	2.66
<i>EXPERT</i>	0.084***	4.45	0.084***	4.46	0.084***	4.45	0.085***	4.49
<i>RESTATE</i>	0.045**	2.23	0.048**	2.39	0.044**	2.22	0.047**	2.33
<i>UTB</i>	5.648***	7.70	5.595***	7.67	5.647***	7.70	5.588***	7.67
Industry/Year FE	Yes		Yes		Yes		Yes	
SE Clustered by Firm	Yes		Yes		Yes		Yes	
Observations	10,268		10,268		10,268		10,268	
Adjusted R ²	0.863		0.862		0.862		0.862	

Online Appendix Table 6.

Audit Fees and Tax Risk Regression Analysis: Controlling for Book-Tax Differences.

	(1) <i>TAXRISK</i> = Std(Cash ETR)		(2) <i>TAXRISK</i> = Std(GAAP ETR)		(3) <i>TAXRISK</i> = Std(Cash ETR)		(4) <i>TAXRISK</i> = Std(GAAP ETR)	
	Estimate	t-stat	Estimate	t-stat	Estimate	t-stat	Estimate	t-stat
<i>Intercept</i>	9.096***	54.95	9.099***	54.28	9.092***	54.70	9.088***	54.20
<i>TAXRISK</i>	0.222***	5.62	0.220***	6.09	0.275***	5.47	0.309***	6.97
<i>APTS</i>	-0.050***	-3.63	-0.050***	-3.65	-0.030*	-1.69	-0.021	-1.27
<i>TAXRISK*APTS</i>					-0.122*	-1.86	-0.204***	-3.67
<i>TA</i>	0.042***	3.17	0.020	1.53	0.042***	3.20	0.021	1.56
<i>LNASSETS</i>	0.547***	68.03	0.548***	68.15	0.547***	68.01	0.548***	68.18
<i>INVREC</i>	0.622***	9.37	0.627***	9.43	0.622***	9.36	0.628***	9.48
<i>AUDITLAG</i>	0.005***	11.00	0.005***	10.97	0.005***	10.98	0.005***	10.95
<i>SEPARATE</i>	0.122***	7.73	0.123***	7.79	0.123***	7.75	0.123***	7.78
<i>FOREIGN</i>	0.226***	15.86	0.226***	15.82	0.226***	15.88	0.225***	15.77
<i>MERGER</i>	0.099***	7.56	0.096***	7.39	0.099***	7.55	0.096***	7.37
<i>SEGMENTS</i>	0.081***	5.65	0.080***	5.58	0.081***	5.62	0.080***	5.59
<i>ROA</i>	-0.271***	-2.76	-0.277***	-2.82	-0.270***	-2.75	-0.274***	-2.80
<i>LOSS</i>	0.120***	6.06	0.113***	5.65	0.120***	6.05	0.112***	5.64
<i>LEVERAGE</i>	0.048	0.89	0.044	0.81	0.048	0.89	0.044	0.80
<i>ZSCORE</i>	-0.003	-1.21	-0.003	-1.19	-0.003	-1.22	-0.003	-1.20
<i>LITIGATE</i>	-0.031	-0.97	-0.028	-0.89	-0.031	-0.97	-0.028	-0.87
<i>ROAVOL</i>	0.773***	6.28	0.699***	5.60	0.778***	6.32	0.703***	5.66
<i>BTM</i>	-0.175***	-9.20	-0.171***	-9.02	-0.175***	-9.22	-0.172***	-9.05
<i>MWIC</i>	0.170***	6.43	0.172***	6.51	0.169***	6.38	0.172***	6.52
<i>BIG4</i>	0.335***	12.48	0.333***	12.42	0.335***	12.50	0.334***	12.48
<i>INITIAL</i>	-0.066***	-3.20	-0.066***	-3.23	-0.066***	-3.22	-0.067***	-3.26
<i>TENURE</i>	0.001	0.67	0.001	0.75	0.001	0.65	0.001	0.73
<i>YEAREND</i>	0.047**	2.51	0.046**	2.46	0.047**	2.50	0.047**	2.51
<i>EXPERT</i>	0.077***	4.92	0.077***	4.90	0.077***	4.93	0.077***	4.90
<i>RESTATE</i>	0.048***	3.05	0.049***	3.14	0.047***	3.03	0.049***	3.12
<i>ABSBTD</i>	0.013***	3.47	0.012***	3.19	0.013***	3.43	0.012***	3.15
Industry/Year FE	Yes		Yes		Yes		Yes	
SE Clustered by Firm	Yes		Yes		Yes		Yes	
Observations	18,722		18,722		18,722		18,722	
Adjusted R ²	0.869		0.869		0.869		0.869	

Notes: This table presents the coefficient estimates and statistical significance levels from estimating the following OLS regressions:

- Panel A: $\text{LNFEES} = \beta_0 + \beta_1 * \text{TAXRISK} + \beta_2 * \text{APTS} + \gamma_1 * \text{TA} + \gamma_2 * \text{LNASSETS} + \gamma_3 * \text{INVREC} + \gamma_4 * \text{AUDITLAG} + \gamma_5 * \text{SEPARATE}$
 $+ \gamma_6 * \text{FOREIGN} + \gamma_7 * \text{MERGER} + \gamma_8 * \text{SEGMENTS} + \gamma_9 * \text{ROA} + \gamma_{10} * \text{LOSS} + \gamma_{11} * \text{LEVERAGE} + \gamma_{12} * \text{ZSCORE} + \gamma_{13} * \text{LITIGATE}$
 $+ \gamma_{14} * \text{ROAVOL} + \gamma_{15} * \text{BTM} + \gamma_{16} * \text{MWIC} + \gamma_{17} * \text{BIG4} + \gamma_{18} * \text{INITIAL} + \gamma_{19} * \text{TENURE} + \gamma_{20} * \text{YEAREND} + \gamma_{21} * \text{EXPERT}$
 $+ \gamma_{22} * \text{RESTATE} + \gamma_{23} * \text{UTB} + \delta * \text{FIXED EFFECTS} + \varepsilon$
- Panel B: $\text{LNFEES} = \beta_0 + \beta_1 * \text{TAXRISK} + \beta_2 * \text{APTS} + \gamma_1 * \text{TA} + \gamma_2 * \text{LNASSETS} + \gamma_3 * \text{INVREC} + \gamma_4 * \text{AUDITLAG} + \gamma_5 * \text{SEPARATE}$
 $+ \gamma_6 * \text{FOREIGN} + \gamma_7 * \text{MERGER} + \gamma_8 * \text{SEGMENTS} + \gamma_9 * \text{ROA} + \gamma_{10} * \text{LOSS} + \gamma_{11} * \text{LEVERAGE} + \gamma_{12} * \text{ZSCORE} + \gamma_{13} * \text{LITIGATE}$
 $+ \gamma_{14} * \text{ROAVOL} + \gamma_{15} * \text{BTM} + \gamma_{16} * \text{MWIC} + \gamma_{17} * \text{BIG4} + \gamma_{18} * \text{INITIAL} + \gamma_{19} * \text{TENURE} + \gamma_{20} * \text{YEAREND} + \gamma_{21} * \text{EXPERT}$
 $+ \gamma_{22} * \text{RESTATE} + \gamma_{23} * \text{ABSBTD} + \delta * \text{FIXED EFFECTS} + \varepsilon$

Reported t-statistics are shown to the right of the coefficient estimates. See the Appendix for variable definitions. *, **, and *** denote (two-tailed) statistical significance at 10%, 5%, and 1%, respectively.