Mitigating Advocacy Bias:
The Effect of the Reviewer Role on Tax Professional Judgment

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ABSTRACT

Prior literature finds tax professionals exhibit advocacy bias, a threat to tax professionals’ objectivity, which can expose accounting firms and their clients to penalties for overly aggressive tax reporting decisions. Mitigating this bias has been the topic of several prior studies; however, research thus far has focused on how reviewers identify bias within tax research memorandums (e.g., stylized writing or other obvious cues). In an experiment administered to seventy-five tax professionals, this study isolates the effect of the reviewer role and compares professionals’ conclusions by role (i.e., reviewer or preparer). I find professionals who occupy the reviewer role are significantly less likely to exhibit advocacy bias than those who are in a preparer role, which suggests the reviewer role changes how professionals approach evidence evaluation. In addition, I examine the influence of accountability on tax professionals’ judgments. I find initial evidence that accountability influences the likelihood of professionals’ exhibiting advocacy bias.