

## The Effect of Tax Avoidance on Firm Value: Evidence from Amman Stock Exchange

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**Abstract :** The purpose of this study is to examine whether corporate tax avoidance practices can impact firm value in the Jordanian context. The study employs a quantitative approach using a sample of (124) industrial and services companies listed on the Amman Stock Exchange for the period from 2010 to 2019. Multiple linear regression analysis has been applied to test the study's hypothesis. The study employs effective tax rate and book-tax difference to measure tax avoidance and Tobin's Q factor to measure firm value. The results of the study revealed that tax avoidance practices, when measured using effective tax rates, do not significantly impact firm value. When the book-tax difference is used to measure tax avoidance, the study results showed a negative impact on firm value. The result of the study has not supported the traditional view of tax avoidance as a transfer of wealth from the government to shareholders for industrial and services companies listed on the Amman Stock Exchange, indicating that Jordanian firms should not use tax avoidance strategies to enhance their value.

**Keywords :** tax avoidance, effective tax rate, book-tax difference, firm value, Amman stock exchange

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