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## Cybersecurity Breaches and Corporate Tax Avoidance: Evidence from U.S. Firms

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**Abstract:**

This study examines the relationship between cybersecurity breaches (CSBs) and corporate tax avoidance (CTA). Using a large sample of U.S. firms from 2005 to 2018, we find a positive and significant association between the occurrence of cybersecurity breaches and corporate tax avoidance in both the full sample and the propensity score matched sample. Our results are robust to the use of alternative measures of corporate tax avoidance and CSBs. In additional analyses, we find that the presence of board-level IT governance plays an important role in mitigating the impact of CSBs on tax avoidance. These results are robust to variability in the timing of CSBs using the Heckman test and in models that employ additional control variables.

**Keywords:**

Cybersecurity breaches, IT governance, Risk management, Tax avoidance.