

# Alternative Data as Enforcement: Evidence from Online Sales Disclosure and Corporate Tax Avoidance

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## Abstract

This study examines how the availability of alternative data affects corporate tax avoidance. We exploit the 2018 introduction of granular online-sales data by China's largest third-party financial data provider as a quasi-natural experiment. We find that firms subject to this disclosure exhibit significantly higher effective tax rates (ETR) following the data release, consistent with a reduction in tax aggressiveness. The effect is more pronounced for firms with greater discrepancies between online and reported sales growth, lower accounting quality, higher media coverage, and those operating in more competitive industries. These results suggest that third-party alternative data, even when not collected for tax enforcement purposes, can meaningfully enhance corporate tax compliance. Our findings contribute to the literature on tax enforcement by documenting how public operational data disclosures shape firm behavior through increased transparency and external verifiability.

**Keywords:** Alternative Data; Tax Aggressiveness; Effective Tax Rate

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**Conflict of Interest Disclosure:** The authors declare no conflicts of interest.

**Data Availability Statement:** The data supporting this study's findings are sourced from the CSMAR and WIND databases. Restrictions apply to the availability of these data, which were used under license for the current study.

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