

In this paper, we find that private family firms appear to be less tax aggressive than private non family firms. Even though tax aggressive behavior provides tax savings and allows the CEO to mask rent extraction to the detriment of other shareholders, the non financial costs being the possible reputation damage and loss of socioemotional wealth seem to outweigh the benefits. Within the group of private family firms, results show that firms with a lower CEO ownership share are more eager to engage in tax aggressive behavior. This result highlights the importance of the unique agency conflict between the CEO (agent and possibly principal) and (other) shareholders (principals) in determining family firms' tax reporting. Finally, results show that the presence of an outside director in the board improves the monitoring effectiveness which reduces the tax aggressive behavior of those private family firms with low CEO ownership shares. On the contrary, larger boards or absence of CEO duality do not seem to moderate the relationship between the CEO's ownership share and the firm's tax aggressive behavior.